



## EUROPEAN NEWS

## French Socialists' calculations disputed

By David Curry

PARIS, Feb. 15. OPPONENTS from both the Left and the Right have swooped with glee on the Socialist Party's costing of its first year in power to show that it is dishonest and suicidal (according to the Right) or a bitter betrayal of working-class interests (according to the Communists).

Yesterday the Socialists said that the programme of increased minimum wages and improved benefits, stimulus to employment and consumer spending and alleviation of employee social security burdens would mean running a public spending deficit of some Frs. 40bn. in 1978, including the Frs. 30bn. deficit inherited from the present Government.

This figure was based on an increase in spending of some Frs. 61bn. partly offset by some Frs. 30bn. in fresh revenue from faster economic growth, taxes on wealth and company capital, and energy economies.

M. Raymond Barre, the Prime Minister, had already got in first on Monday by announcing that the implementation of the common programme would cost Frs. 270bn. extra on the budget and mean the doubling of every-

thing. Last night he weighed in again dismissing the Socialist arithmetic as being designed to "catch simpletons" and the measures the expenditure would finance as "a debocheur of illusions". A generation of post-war effort would be destroyed by socialist policies, he declared, resuming his familiar attack on M. François Mitterrand, the Socialist leader, as a "pragmatist masquerading as a fire-fighter".

The Communist party, whose monthly economic and political review has already denounced the Socialist programme as a recipe for "a massive deficit, collapse of the franc and galloping inflation" saw nothing in yesterday's arithmetic to make it change its opinion.

## Irish telephone strike still deadlocked

By Giles Merritt

DUBLIN, Feb. 15. THE IRISH telephones and telexes dispute this evening became more seriously deadlocked than at any stage during the past ten days of disruption. While to-morrow afternoon the Radio Eireann State broadcasting system is also expected to be blacked out by a demarcation row between journalists and pro-

The telecommunications dispute now bringing commerce and industry to a standstill is being diagnosed in Dublin as symptomatic of a labour relations malaise that afflicts both the Irish public sector and such institutions as the Republic's clearing banks.

In recent years, there have been two crippling bank strikes. There has also been a running series of Post Office disputes, persistent telecommunications trouble and sporadic interruptions of service by RTE and the national airline Aer Lingus.

The underlying problem in almost all these confrontations has been unsatisfactory management-labour relations that have been allowed to drift, according to Irish analysts.

There is mounting concern in Ireland over the public sector's strike record. Apart from the disruption to industry—the Confederation of Irish Industry reckons that a sizeable proportion of Ireland's £10m. daily exports are being affected by the telecommunications chaos—the private sector is worried about being given a bad name for strikes by the public sector.

During the 1970s, strikes in manufacturing industry have cost an annual average of less than 150,000 man days, while public sector disputes have cost at least five times that. This would have been a great deal worse had it not been for the establishment in 1970 of national wage bargaining.

## CZECHOSLOVAKIAN ECONOMY

## New measures aim to increase autonomy and boost efficiency

By Paul Lendvai

MAJOR NEW economic policy measures, increasing autonomy in the economy and improving efficiency, have just been announced in Prague by Mr Leopold Ler, Minister of Finance.

The experiment, to be introduced for a three-year period (1978-80), is claimed to embrace 150 enterprises in industry, nine trading companies, and 21 research institutes, with a workforce of nearly half a million.

This means that while 14 per cent of the labour force in industry and trade will be affected by the new experiments, in terms of value, the annual output of the sectors involved amounts to 9 per cent of the GNP and an estimated 13 per cent of industrial output.

This is the first apparently significant development in planning and economic policy-making since the Soviet invasion of Czechoslovakia in August 1968, which put an abrupt end to the reform programme of Mr. Alexander Dubcek.

In the 1960s, Czech economists had been in the vanguard of reforms aimed at putting Communist economies on a self-supporting basis.

Minister Ler took care to stress

## West German economy on an expansive course

By Adrian Dicks

THERE ARE now clear signs 4.4 per cent, in January (when the crude rate was 5.4 per cent). Again on an expansive course with the first benefits of last year's stimulatory measures reflected in a modest resumption of Gross National Product growth and in a slight seasonal improvement in the economy which could do much to help the rising proportion of jobless people for whom no suitable jobs can be found.

This is the message contained in the February report of the Bundesbank, which nonetheless gives the impression of profound disquiet at the prospects for the next few months.

The positive developments in which the bank draws attention are the 1 per cent real GNP year's so-called medium-term growth provisionally recorded

for the last quarter of 1977, and an improvement in the seasonally-adjusted unemployment rate from 4.8 per cent last July to readiness by companies and

New Schmidt pension plan

By Jonathan Carr

BONN, Feb. 15.

CHANCELLOR Helmut Schmidt's increases which kept pensioners coalition has averted one of the well ahead of inflation, but in main threats to its stability by recent years actually meant pensioners kept ahead of the average country's pensions insurance rate in wages and salaries.

Under the new scheme, pensioners will receive an increase of 4.5 per cent next year, and (FDP) alliance not noted now, then of 4 per cent, in each of them the prospect was of a the two succeeding years. This deficit of more than DM300m. in should keep them ahead of the funds in the early 1980s. This German inflation rates (currently is because of the sluggish 3.2 per cent) but compares with economic growth, meaning an annual 10 per cent rise in unemployment and smaller recent years.

From the start of 1981, contributions to pensions insurance will be increased by 0.5 per cent, to 15.5 per cent, of wage or salary to swallow. The Germans have long been justifiably proud of from 1982 pensioners will have their social security system. It to make a contribution to their has embraced not only annual sickness insurance.

## Andreotti submits economy plans

By Dominick J. Coyle

BONN, Feb. 15.

DETAILS OF an emergency plan to agree on his economic programme for Italy proposed economic programme and an outline political formula for associating the Communist Party (PCI) indirectly with a new government were completed to-day and sent to the main Opposition parties with a request for an early colloquial meeting.

Sig. Giulio Andreotti, the Prime Minister Designate, has proposed a four point political framework which he hopes will satisfy Communists' demands to be accepted into a new Parliament, presumably including Ministerial responsibilities and, possibly, candidates for some portfolios.

Sig. Andreotti has also offered, as Prime Minister, to consult regularly with Opposition party leaders—including of course the Communists

On the economic programme itself, Sig. Andreotti is insisting that the enlarged public sector deficit in the current year must be held at Lire 34,000bn. (L15bn.). This is understood to be the upper limit acceptable to the International Monetary Fund (IMF), although for in excess of the ceiling agreed originally with the Fund.

However, the Prime Minister Designate tonight effectively confirmed earlier unofficial forecasts that he wants the main opposition to the principle of increased labour mobility.

## Belgrade optimism fades

By Reginald Dale

BELGRADE, Feb. 15.

THE ATMOSPHERE at the 35th European Security Conference here deteriorated again sharply to-day with the U.S. and the Soviet Union accusing each other of deliberately obstructing efforts to bring to a negotiated conclusion the talks.

The optimism which briefly flickered last night, following the tabling of new Soviet proposals, quickly evaporated after the USSR made it clear that he was prepared to go no further in two key areas of concern to the Western and neutral countries here—improvement in east-west contacts between citizens and measures to reduce mutual suspic-

With the conference now at its scheduled closing date, the west is still seeking a "substantive" concluding document which would contain a fair assessment of progress on human contacts and rights since respect of them was endorsed by the 1973 Helsinki Agreement.

## Portugal rail stoppage off

By Jimmy Burns

LISBON, Feb. 15.

THE PORTUGUESE railway workers' union has called off a series of stoppages which it had threatened for to-morrow.

The union announced this morning that it had reached agreement with management which would eventually lead to majority rule.

1972: Lord Pearce leads a commission to Rhodesia to test whether the 1971 agreement is acceptable. Bishop Muzorewa emerges into the political status of the African population and progress towards ending racial discrimination. However, Mr. Wilson's conditions to legality are rejected.

1973: Mr. Smith and Sir Alec Douglas-Home, then Foreign Secretary, sign an agreement which would eventually lead to majority rule.

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2012: In November, Mr. Smith announces that he is to start separate internal settlement talks.

2013: In January, Dr. Owen holds talks in Malta with the detente with black Africa.

2014: In March, constitutional negotiations between the Smith Government and Mr. Smith meet again.

2015: In October, the Salisbury Government and the nationalists meet in Geneva under the chairmanship of Mr. Ivor Richard, the British Ambassador to the UN. There is deadlock.

2016: In April, Dr. David Owen, new British Foreign Secretary, launches a fresh Anglo-American settlement initiative.

2017: In November, Mr. Smith announces that he is to start separate internal settlement talks.

2018: In January, Dr. Owen holds talks in Malta with the detente with black Africa.

2019: In March, constitutional negotiations between the Smith Government and Mr. Smith meet again.

2020: In October, the Salisbury Government and the nationalists meet in Geneva under the chairmanship of Mr. Ivor Richard, the British Ambassador to the UN. There is deadlock.

2021: In April, Dr. David Owen, new British Foreign Secretary, launches a fresh Anglo-American settlement initiative.

2022: In November, Mr. Smith announces that he is to start separate internal settlement talks.

2023: In January, Dr. Owen holds talks in Malta with the detente with black Africa.

2024: In March, constitutional negotiations between the Smith Government and Mr. Smith meet again.

2025: In October, the Salisbury Government and the nationalists meet in Geneva under the chairmanship of Mr. Ivor Richard, the British Ambassador to the UN. There is deadlock.

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INGTON, Feb. 15.  
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1 Nations

NGKOK, Feb. 15.

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Phnom Penh

published daily except Sun-

Mr. U.S. subscriber \$100

0.00 fair mail per issue

copy paid at New York, N.Y.

## Fukuda to visit U.S. for further talks on world economy

TOKYO, Feb. 15.

PRIME MINISTER Takeo Fukuda said to-day he will visit Washington sometime before July to discuss what Japan and the U.S. can do for the good of the world economy.

Mr. Fukuda, speaking to the Japan Press Club, said worldwide economic stagnation caused by the 1973 oil crisis will face "even worse problems" if economic gains like the U.S. and Japan mishandle their economies.

Japan's efforts will be made on the form of drastically reducing its trade surplus of more than \$10bn recorded last year, and achieving an annual gross national product increase of more than 6 per cent for the next five years, he said.

The U.S. he suggested, should exert efforts to correct its "enormous" trade deficit by reducing, for instance, its oil imports to help stabilise the dollar and other world currencies.

Preliminary talks with the Common Market began in Tokyo on Monday and will be followed by higher-level talks next month.

Agencies

## Desai calls for N-ban

BOWRAL, Feb. 15.

INDIAN Prime Minister Morarji Desai to-day called for an end to the testing of nuclear weapons and pledged his country would not make such devices itself.

Speaking to reporters after a conference of 12 Commonwealth leaders from Asia and the Pacific region, he said "nuclear power must be used for peaceful purposes."

Mr. Desai said he had not come to Australia to buy out of its huge uranium reserves.

India is now getting its uranium from the U.S. and Navy water from the Soviet Union. He said India would not make nuclear weapons. The first and only Indian nuclear weapon was test

## Mixed Cairo reaction to F-5 deal

BY ROGER MATTHEWS

THE DECISION by President Carter to seek Congressional approval for the sale of 50 F-5E fighter aircraft to Egypt has been greeted by officials here with both satisfaction and scepticism.

Satisfaction, because this is the first time that the U.S. has acceded to Egyptian requests for offensive weapons and at the same time does indicate a willingness to take decisions that clearly offend the Israeli Government. Scepticism, because in the words of President Anwar Sadat, the F-5E "is a middle-plane" compared with the much more sophisticated and longer-range F-15, and F-16 that are being sold to Israel and will have no effect on the strategic balance in the Middle East.

But there is also a much more deep-seated anxiety about the American role in the search for peace. Despite Mr. Sadat's apparent satisfaction with his recent talks in the U.S. many Egyptian officials openly doubt

whether President Carter is the first time that F-5Es have been supplied to an Arab confrontation state, as Jordan already operates them. However, the F-5Es will be useful addition to Egypt's ageing fleet of mainly MiG fighters. They also point out that this is not pried by the Soviet Union and

CAIRO, Feb. 15.

## Brezhnev in anti-Sadat discussions

MOSCOW, Feb. 15.

A PROMINENT MEMBER of the Libyan leadership, Major Abdellah Jalloud, to-day briefed Soviet President Leonid Brezhnev on Arab moves to counter Egypt's peace initiative towards Israel.

Major Jalloud, a former Prime Minister and now a member of the ruling secretariat of the Libyan People's Congress, also discussed the Somali-Ethiopian conflict. Tass news agency reported.

The Soviet authorities announced earlier this week that the Syrian president Hafez al-Assad would be visiting the country soon.

Tass said Major Jalloud informed the Soviet leader about the decisions of a recent three-day summit of Arab leaders opposed to the Egyptian moves in Algiers to co-ordinate their opposition.

Reuter

## Problems for Carter in Congress

BY DAVID BELL

WASHINGTON, Feb. 15.

INITIAL REACTION to President Carter's decision to sell F-5Es to Egypt already begun urging Congress to stop the sale. Mr. Theodore Bikel, chairman of the American Jewish Congress, said that by selling arms to the Arabs the U.S. is likely to make several trips between Cairo and Jerusalem but if, as is widely expected, he fails to make significant progress then the visit of Mr. Menachem Begin, Israel's Prime Minister, to Washington next month will take on even greater importance.

The Administration is not expected formally to notify Congress of the \$4.8bn deal which would give Israel far fewer aircraft than it requested and the Saudis all the sophisticated F-15s they want, until after Easter.

Leading American Jews have

proposed to withdraw its proposal to sell aircraft to Israel. Mr. Sadat

Preparations are meanwhile

being made for the return here shortly of Mr. Alfred Atherton, the U.S. Assistant Secretary of State, at the start of a further attempt to bring Egypt and Israel closer together on a declaration of principles that would govern Middle East peace negotiations.

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Reuter

## Sudan gambles on rapid development

BY LORNE BARLING, RECENTLY IN SUDAN

THE DASH for development in means of a siphon under a major the Sudan, Africa's largest river.

Nevertheless, cost over-runs of this type have contributed to severe short-term economic problems in the Sudan which could have been avoided if some early returns from agricultural schemes had been available.

The Sudan has unique experience of vast schemes such as this. It is already operating the world's largest farm at Gezira, an enterprise which underpins the country's economy by producing 75 per cent of its main export earner, high quality cotton.

The new undertaking at Rahad, situated about 170 miles south of Khartoum, will bring about 800,000 acres under cultivation and provide work and subsistence for at least 100,000 people directly involved.

Unlike Gezira, which was initiated by the British and took 25 years to reach fruition in 1925, Rahad was producing cotton after five years. Companies from almost every country in Europe, the United States, Japan, and many others have participated, but many problems remain unresolved. About half the capital is being provided by Arab countries in line with their policy of developing the Sudan as a food source and creating a showpiece for the rest of Africa.

Although the cost of construction has nearly trebled in five years as a result of inflation and other problems, the sheer magnitude of the endeavour remains staggering. More than 3,600 miles of canals and drainage systems have been excavated with the main canal passing by

into this swamp the White Nile carried nearly 30m. cubic metres of water a day, but due to evaporation only 15m. cubic metres emerges in the north. The idea is to build a 175-mile canal from Jonglei, at a cost of nearly £100m., bypassing the swamp and providing enough water to irrigate a further 1.5m. acres of land.

The political and ecological reactions to the plan have been considerable, with student riots in the southern capital of Juba as a result of rumours that 2m. Egyptians (participants in the canal) would be settled in the area; and even more fanciful suggestions that climate changes could turn surrounding areas into desert and dry up Kenya.

Under Rahad's agricultural plan, each tenant will be granted 22 acres of land to cultivate under the direction of field inspectors who will control crop rotation, seed supplies and general policy, but there are fears that plots of this size may be too great for one farmer and his family.

The key factor for investments of this kind and the country's future as a whole is the supply of water from the White and Blue Niles. The country now abstracts a daily volume of 14.5m. cubic metres of its Nile water allocation of 20.5 cubic metres, under agreement with Egypt. The remaining volume is earmarked for schemes such as Rahad.

Further development in the far south is therefore dependent upon one of the most ambitious and controversial projects in Africa, which will reclaim 4m. acres of swampland in the desolate Sudd region in the south of the country.

triple Sudanese exports within a decade, relatively little will find its way to the South, where the key to real development may be the discovery of oil.

Standard Oil of California is now drilling a 200,000 square mile concession in the area and the prospects of a commercial discovery are rated at better than fair. At the same time such a discovery could create unrest in the southern region, which was recently granted autonomy by President Nimeiri following years of civil war.

Although the Sudan clearly has vast potential and is seen as the Arab states as the ideal example of a successful partnership in Africa, investment by the West has clearly been deterred by the lack of results so far.

If projects such as Rahad and the many others now planned eventually prove successful in producing agricultural products at competitive prices, Western investors will perhaps have a available through the Arab change of heart. But by that Authority for Development and time their opportunity could Agricultural Development, to have passed.

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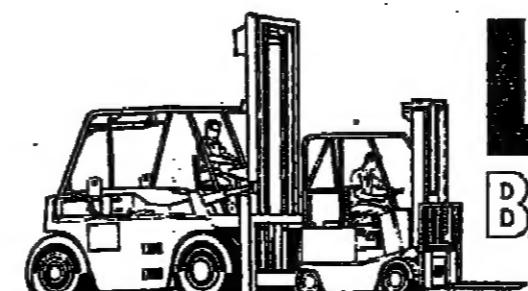
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## AMERICAN NEWS

## Drop in oil revenue hits Venezuelan economy

By Joseph Mann

CARACAS, Feb. 15. THE VENEZUELAN Government, affected by lagging demand for petroleum in recent weeks on its chief export market, is now facing the challenge of sharp drop in oil revenues for the current year.

President Carlos Andrés Pérez and his Ministers discussed the problem at length yesterday during a Cabinet meeting.

Afterwards, the Finance Minister, Sr. Luis José Silva Luengo, stated that the government had the situation "under control," but added that he saw no recovery in oil sales until after June.

However, sources in the petroleum industry here were more pessimistic about the question, and said that the Government would face a "serious" decrease in revenues this year.

Statistics released by the government for a weekend show that Venezuelan crude oil production between January 1 and February 8 was 1.71m. barrels per day, representing a drop of 25.5 per cent from that in the equivalent period last year.

The government has based its budget for 1977—now estimated at about \$10.2bn. on average crude oil production of about \$2.50/bbl.

Meanwhile, the government is in the process of implementing the most ambitious and costly developmental programme in the history of the country. However, a regular flow of petroleum revenues is the main source of funds for the programme. Last year alone, oil receipts provided the Government with almost three-quarters of its regular income.

Venezuelan petroleum exports to the U.S. East coast—traditionally the most important market for Venezuelan oil—have been faltering recently by oil sold at discount by other OPEC members, oil industry executives said. Informed sources here said that Venezuela is now facing a situation where it must also discount in order to sell more oil, or accept lower prices, considerably lower than national development plans require.

As a staunch defender of OPEC pricing policy and a founder member of the organisation, Venezuela has refused to sell oil at a discount on regular basis, and is marketing its crude and refined products at OPEC prices.

If the present situation abides, Venezuela will face a sharp drop in oil revenues this year. No official estimates have been published yet on how much revenues could drop.

Thus far, the government has taken the position that oil exports will improve later in the year, and that government spending plans will not be seriously affected.

The Finance Minister stated in an interview published on Tuesday that some "adjustments" would be made in "low priority" government programmes, if that proved necessary.

He stressed, however, that "government programmes in priority areas such as education, health, production and construction of basic infrastructure will not be affected."

## Guyana shuffle

Mr. Rushleigh Jackson, the Guyana permanent representative to the UN for the past six years, has been named the new Foreign Minister, our Georgetown correspondent writes. He succeeds Mr. Fred Wills, who resigned on Monday for medical reasons. The Justice portfolio, which was also held by Mr. Wills, has gone to Dr. Mohamed Shahabuddeen, who retains his post as Attorney-General. The number of Cabinet ministers has increased by one to a total of 24. A new UN ambassador is to be named shortly.

**Jet fighter inflation**

The estimated cost of the F-14 jet fighter for the U.S. Navy is climbing by more than 45 per cent, to \$28.5m. each, according to Defence Department sources, as quoted by AP-DJ in Washington. They said that a quarterly report will show that the cost of an F-14 is up by about \$9.3m. The price of an F-18 fighter—which the Defence Secretary, Mr. Harold Brown, calls "a low-cost complement to the F-14"—is rising by about \$2.2m. to \$18m. each.

Meanwhile, the Defence Department has told Congress that it intends to sell Indonesia 16 Northrop F-5E light fighters for an estimated \$125m. The proposed sale, which Congress has not yet approved, would include 12 F-5E Tiger jets and four F-5F two-seater trainers.

## Ex-CIA agent sued

The U.S. Government sued a former CIA agent, Mr. Frank Snapp, yesterday for the money he has made from his book criticising the Central Intelligence Agency. Reuter reports from Washington. The complaint, filed by the Justice Department in a federal court in Virginia, charged Mr. Snapp with "unjust enrichment." It asked the court to assess his profits from the book. Decent Interval, so that they can be forfeited to the Government.

## U.S. company news

Morgan Stanley rates: Textrol results: AT&T lifts pay-out

## Coal employers yield to pressure for new pay talks

By JOHN WYLES

U.S. MINING employers agreed to resume peace talks to-night to try to end the 72-day coal strike. Their decision followed White House pressure promised by them to reject earlier in the day an appeal from President Carter for fresh negotiations.

While the miners' union rapidly agreed to the request by the President for another attempt to end the deadlock, the employers remained silent, at first, then sent a blunt and uncompromising letter to Mr. Ray Marshall, Secretary of Labour, which in effect turned the President down.

This brought a swift behind-the-scenes response from White House staff and Mr. Marshall, which resulted in a mid-day announcement by Mr. Jody Powell, the Presidential spokesman, that the employers had changed their minds and would meet the union in the White House tonight.

Mr. Powell indicated that the Bituminous Coal Operators Association had set some conditions for resuming the negotiations which Mr. Marshall had been able to satisfy, but he

declined to say what they were. The stern language of the letter which the association initially sent to Mr. Marshall this morning suggests that the Administration had to exercise strong

Industrial production declined by an estimated 0.7 per cent last month—the sharpest drop since a 0.9 per cent decline in March, 1975, AP-DJ reports from Washington. It was the first decline since a 0.4 per cent drop in August, the Federal Reserve said.

The Fed blamed "severe storm activity, cuts in auto production and a reduction in coal output because of the strike." The Fed said that, with the decline, the index of production by U.S. factories, utilities and mines stood at 138.9 per cent of the 1967 average, up by 4.8 per cent from that of a year earlier.

As far as can be established, the union has not yet spelled out which aspects of the proposed agreement it is objecting to.

Militant strike leaders, however, are campaigning against clauses which would punish wild strikers and diminish health and welfare benefits.

Whatever the outcome of the negotiations, it now appears certain that an end to the strike will not come in time to prevent disruption of industrial production in parts of Ohio, Indiana and West Virginia, where electricity supply companies are being forced to cut their output because of rapidly dwindling coal supplies.

Men and Matters, Page 20

NEW YORK, Feb. 15.

bargaining council's 30-6 vote against a proposed agreement last Sunday.

Referring to rebel miners' occupation of the union's Washington headquarters last Friday, which delayed the council's meeting, the employers said they would not discard the results of four months' "hard bargaining" merely because a "crowd of rowdies" prevented a lawful meeting.

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Men and Matters, Page 20

## Sharp decline in retail sales

BY OUR OWN CORRESPONDENT

A SUBSTANTIAL drop in retail sales last month in the U.S. coincided with a continued weakening of the dollar and uncertainty about the future of the coal strike, today helped to plunge the largest U.S. stock market to its lowest level in 34 months.

At its close this afternoon, the Dow-Jones industrial average of the New York Stock Exchange stood at 761.88. The previous low for this year was recorded on January 26 when the index closed at 763.34. The last time it was lower was on April 8, 1975, when it ended the day at 749.22. The malaise also afflicted the American Stock Exchange which was off 0.21 at 123.46, and the over-the-counter market where the Nasdaq composite index was down 0.22.

Then other news took

index down to a loss of 3.7, which means a decline of 12.7 in the last two days. In mid-afternoon, the Commerce Department announced that retail sales had dropped by 3.1 per cent last month to a seasonally-adjusted \$112.3bn. Excluding car sales, retail sales fell by 2.2 per cent last month.

The dollar has again become a

big preoccupation on the Stock

Market since the weekend trip to Europe by Mr. Michael Blumenthal, the Treasury Secretary. In New York trading to-day, the U.S. currency weakened

against the European closing

prices of the Deutsche Mark, the yen, the Swiss franc, the French franc and sterling.

NEW YORK, Feb. 15.

Volume on the NYSE was moderate at 20.1m. shares, and 823 issues showed losses and 484 showed gains. Prices began to fall in early trading on the news that the coal industry employers had at first rejected President Carter's appeal to resume negotiations. The index then started to recover when it was learned that the employers would negotiate at the White House this evening.

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NEW YORK, Feb. 15.

CONGRESS IS now preparing to mount its first serious challenge to the President over trade policy following his unexpected refusal to grant U.S. manufacturers of metal fasteners higher tariffs to protect them from burgeoning imports.

Senator John Glenn of Ohio will introduce a motion in the Senate, next week, calling on Congress to override the President's action which it has the power to do under the 1974 Trade Act. Later in the month—on February 27—the House Ways and Means sub-committee on Trade will hold hearings to consider whether it should recommend the full House to set aside Mr. Carter's decision.

Ironically these moves coincide with the start of the Administration's steel import "trigger price" system which comes into effect on February 21. On that day the Treasury Department is due to begin monitoring most steel imports. However officials have yet to set trigger prices for such products as pipe and tubes, small structural shapes, flat bars and wire and wire products.

It is by no means yet clear how this will affect steel import levels. Figures released on Monday show that last year the U.S. imported a record 19.3m. tons of steel or 17.8 per cent of the nation's total steel supply.

They expressed the view that "all analyses show a need for seasonal financing in the city's new fiscal year, and most have suggested that federal assistance for this financing, probably not as much as the current maximum of \$2.3bn. would be needed."

BY OUR OWN CORRESPONDENT

THE SEE-SAWING prospects of renewal of the loan programme which New York City is getting badly and for federal guarantees which

the Treasury and from the long-term city securities.

Mr. Blumenthal said yesterday

that he thought "some time of

continuing assistance" would be required from the federal government and added that details of

administration proposals would be revealed when he testifies on

March 2 to a special sub-committee of the House Banking Committee.

According to a Wall Street Journal report this morning, the Administration is leaning towards the provision of long-term guarantees for city bonds, beginning July 1, looks likely to be \$1bn. City officials, led by the new mayor, Mr. Edward Koch, have been pressing for a

sharp conclusion brought great

distress to New York, whose real

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## HOME NEWS

## Morgan Guaranty to lease Angel Court

By John Brennan, Property Correspondent

IN ONE of the largest City of London office lettings in recent years, the U.S. corporate bank, Morgan Guaranty Trust of New York, has agreed to lease the whole of the Clothworkers' Company's 229,000 square feet Angel Court block.

Angel Court, a 10-storey octagonal tower in Throgmorton Street near the Stock Exchange, is on land owned for centuries by the Clothworkers, one of the City's principal Livery companies.

The £15m. development was financed by Electricity Supply Nominees, the pension fund of the electricity supply industry, and is due to be completed in June.

The Clothworkers' letting agents, Richard Ellis and St Quintin Son and Stanley, had been asking a rent of £2.8m. for the whole building. This represents a premium City office rent of £17.50 a sq. ft, boosted to an effective cost of about £21.50 a sq. ft, by rates and service costs.

• Islington Council has agreed to a 172,000 sq. ft. £28m. office development scheme by the New River Company on the southwest corner of the Angel cross-roads. New River was acquired by Lord Rayns' London Merchant Securities in 1974.

## British Steel calls off joint stock venture

Financial Times Reporter

THE BRITISH Steel Corporation and two French companies comprising the Levy Group have decided not to go ahead with a jointly-owned steel stockholding business in France because of the world recession in the steel industry.

Two executives from the Levy Group, however, have agreed to act as advisers to British Steel's steel stockholding business. They are Monsieur Pierre Levy, president of the Levy Group, and Monsieur Jacques Dreyfus Schmidt, managing director.

## Ninian four months behind schedule

By Ray Dafter, Energy Correspondent

DEVELOPMENT of the Ninian Field—the third largest in the U.K. sector of the North Sea—has fallen about four months behind schedule.

The delay will mean that some 10m. barrels of oil production worth about £70m. will be held up.

It is understood that the development costs of the Ninian Field have also risen substantially in recent months.

The offshore consortium, led by Chevron Petroleum, now faces a bill of about £1.5bn., £200m. more than envisaged in August last year and some 50 per cent.

It is understood that the consortium has been unhappy about the quality of workmanship in some of the modular units.

As the modules were fabricated in U.K. yards it is possible that

details of a complete project known to the Department of Energy and the Government-backed Offshore Supplies Office from the field should now flow this autumn. The field, with which are urging offshore operators to give British equipment suppliers a fair chance to compete in the North Sea.

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The central concrete platform, the world's biggest of its kind, is due to be towed the 430 miles from the Inner Sound of Raasay, near the Isle of Skye, to the Ninian Field in late April or early May.

Bad weather had dashed hopes of the first oil coming ashore at Sullom Voe Oil Terminal, Shetland, in the spring. Mr. John Cooper, BP's general manager of offshore developments, said yesterday. The first oil would now not arrive until mid-September, he said.

Some of the modules were fabricated in U.K. yards it is possible that

## Whitehall pays £34m. to coal pension fund

By John Lloyd

THE Government is to compensate the National Coal Board for monies paid to reduce the deficiency in the miners' pension fund. It will pay £34m. to cover payments made to the fund by the Board this financial year.

Imports of chemicals jumped to £229m. in January compared with only £189m. in December, while exports dropped to £202m. from £338m. in the preceding month.

In the more specialised product areas and higher unit value market segments, it appears that U.K. producers are still holding their position." Mr. Trowbridge added.

Some of the fluctuation in the chemical figures could be explained by erratic seasonal adjustments and it is still too early to determine a firm trend.

## Chemicals big factor in U.K. trade deficit

By Kevin Done, Chemicals Correspondent

THE CHEMICAL industry is maintained by pricing policies which encourage retarding trading performance last month by reasons why the U.K. slipped imports.

The problem lies mainly in bulk chemicals where there is significant excess capacity both in the U.K. and elsewhere in Europe.

"In the more specialised product areas and higher unit value market segments, it appears that U.K. producers are still holding their position." Mr. Trowbridge added.

The chemicals sector is often subject to sharp fluctuations and Mr. Martin Trowbridge, director-general of the Chemical Industries Association, said yesterday that the overall chemical figures showed a disturbing trend, in spite of the fact that exports were marginally up last month compared with January 1977.

"We warned of this danger at the end of last year, as worldwide market lethargy intensified overcapacity problems," he said. Attention had also been drawn to the likely effects of a stronger pound on U.K. chemical business.

"The change in sterling—from around \$1.70 to its present \$1.93 is equivalent to erecting a 13 per cent. barrier against U.K. exports and an equivalent bonus favouring imports."

The U.K. has thus become an attractive market for imports, and export volume can only be

Month-by-month trade figures for Chemical and Allied Products

	Exports	Imports	Surplus
Jan.	288	211	75
Feb.	290	198	94
March	303	196	107
April	308	196	112
May	310	194	116
June	328	243	125
July	366	210	154
Aug.	310	203	107
Sept.	359	186	173
Oct.	315	194	119
Nov.	313	184	129
Dec.	339	189	150
Jan.	302	227	73

## Cashless society moves closer

By Our Consumer Affairs Correspondent

THE PROSPECT of a cashless society "edged closer" yesterday when the Retail Consortium agreed to set up a joint committee with the clearing banks to study the application of electronic funds transfer systems in the shops. A pilot scheme will come into operation within the next two years.

Electronic funds transfer systems could mean that instead of paying with cash or cheques, customers would pay with a plastic card which could be fed into an in-store terminal.

This would be connected to the customer's bank account through a computer system, confirming that the funds were available and debit the account.

Backing for the system has so far come from the banks, but some retailers believe it could cut bad debts and save money.

However, the cost of such a development would be high and the committee will try to determine if they could be recouped.

## Public 'ignorant of pension scheme'

THE BRITISH public is largely ignorant of the implications of the new State pensions scheme, according to Antony Gibbs, Federation Services, after a survey at the gates of large factories in the London area.

The scheme starts on April 6 but not until interviewees number 844 did the survey find someone with a good idea of how it would work. And he understood it only because his wife, an employee of the Department of Health and Social Security, had coached him.

Mr. Graham Puttershill, chairman of Antony Gibbs, criticised the new State pensions scheme as "a bit of a mystery" in a speech made yesterday by an employee conference in London.

Puttershill said that there should be a five-year moratorium on pension legislation to enable the pensions industry, employers and the public to get to grips with administration of the new system.

## Shipbuilders 'on way to loss'

By Ian Hargreaves, Shipping Correspondent

BRITISH SHIPBUILDERS' companies in the last full year before nationalisation made an estimated pre-tax profit of £2.5m., but the financial position of the State corporations is likely to deteriorate according to a review published yesterday.

This is a reference to the market situation. British Shipbuilders says that it and other European shipyards will continue to require Government assistance to win orders "at least until market conditions return to normal."

Detailed proposals for the fund will then have to be submitted to the EEC, which will want to know what intention the corporation has to restructure its yards during the life of the aid programme.

This is likely to lead to a clash of opinion, as the review makes plain, the British Shipbuilders' view that because the output of the U.K. shipbuilding industry has remained static at around 1.2m. gross tons per year, offset British yards' lack of price competitiveness with yards in the Far East.

About £10m. of the fund for the last 20 years it should not be expected to implement big

cuts.

Because of this "critical" situation, British Shipbuilders' profit figure, which request which British Shipbuilders has made to Government for a continuation of the shipbuilding Intervention Fund, is based on a mixture of audited figures from a number of companies, compared with 20.8m. profit in 1976 and 25.5m. to spend on subsidies to

offset British yards' lack of price competitiveness with yards in the Far East.

About £10m. of the fund for the last 20 years it should not be expected to implement big

cuts.

During the course of this year, British Shipbuilders is now putting the final stages to a

## U.K. warned over lorry meter delay

By Guy de Jonquieres, Common Market Correspondent

THE EUROPEAN Commission decided yesterday to deliver a final warning to the U.K. over its continued failure to comply with EEC rules requiring commercial goods vehicles to be fitted with tachographs.

The warning gives Britain two months to implement the rules, not acted by the end of this period, the Commission will decide whether to take it to the European Court of Justice on charges of failing to carry out its obligations under the Rome treaty.

Britain was supposed to ensure that tachographs were fitted to all new vehicles and those carrying dangerous substances from the start of 1976 and to most other types of commercial goods vehicles from the beginning of this year.

THE chemical industry could save £100m. a year on the cost of shipments to the Continent if amounting to more than £700m. companies upgraded distribution management, writes Kevin Done.

If we go this road down to 3 per cent—a quite modest goal—we would realise savings of the order of £100m. on U.K. exports to Europe alone."

Mr. Eric Sharp, chairman of the Chemical Industry Safety and Health Council, called last night for greater regard for the role of distribution within a company.

Mr. Sharp echoed the recent application of modern techniques to chemical distribution, meet Committee that "the guilty

Speaking at a chemicals distribution conference in Birmingham, he said that exports of U.K. chemicals to the rest of Western Europe now amounted to nearly £20bn. a year.

Despite recent technological advances, distribution accounts, bulk, and management should be given far more attention to the 10 to 30 per cent. of total direct costs in economies that were potentially

About 31 per cent. of the value available.

About 31 per cent. of the value available.

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## HOME NEWS

Synch to  
marden  
composition  
in unity

Giles Merritt

**SIGNIFICANT HARDDENING**  
The Irish Government's post on Irish reunification is said to be declared this weekend by Mr. Jack Lynch, Republic's Prime Minister, as his Fianna Fail party's Ulster conference.

Lynch, it is understood, will announce a White Paper on applications of reunification. The scope is still unknown, but thought to amount to a initiative on Ulster with set timescales for crossing economic co-operation to a loose federal

important aspect of Mr. Lynch's decision to put out Irish in Ulster in a White Paper at its update to official

Government's statement for a British declaration to withdraw.

Premier's announcement White Paper will be made

tuesday at the party conference, in response to resolutions submitted by a score of branch executives asking a policy document on the actions of the harde

reunification of the

controversy was sparked off

January 8 when Mr. Lynch

should encourage Irish

remarks produced bitter

from Ulster Unionists,

from Mr. Roy Mason,

Ireland Secretary,

Lynch was held responsible

the simultaneous collapse in

Ulster of another party

on an administrative

settlement there.

# Pan Am to seek big cut in fares to U.S.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

**THE BATTLE** for cheaper fares would be: Boston, £83; Detroit, £83; Houston, £104; Los Angeles, this summer, £104; San Francisco, £118; Portland, yesterday by a decision of Pan Am, £116; Seattle, £105; Washington, American World Airways, one of £85. These would be basic rates, the "big three" airlines on the with slightly higher rates in peak route, to seek big extensions to periods.

cut-price travel between the U.K. and the U.S. The present Budget Fare

between London and New York is £64 westbound, and £85 single eastbound. All the proposed new fares offer substantial reductions on normal economy class fares.

Budget Fares, first introduced last autumn to meet competition from the Laker Skytrain, enable a passenger to give the airline at least 21 days' notice of the date on which he intends to travel. The airline in return gives him seven to 14 days' notice of the flight he can take.

In this way, the passenger gets a guaranteed seat at low cost.

Because of these differences of

Fares (westbound) between London and Boston, at £63 single, to Detroit, at £74; to Houston, £78; Los Angeles, and San Francisco, £89; to Portland, in the U.S. West Coast, £87; Pan Am, together with British Airways and TWA, also offers agreement on a new fares policy

Stand-By fares at the same rates for the North Atlantic from

DC, £71.

For the eastbound flights to between London and New York, April 1 failed, with no plans for

London, the single Budget Fares for passengers prepared to turn resumption of the talks.

**Rise in bank lending forecast even if 'corset' curbs return**

BY MICHAEL BLANDEN

A SHARP rise in bank lending restraints. "It is clear that the interest rate weapon is regarded as quite ineffective for quick into bank charges which in time results,"

Granular, stockbrokers, even if

Nevertheless, it is expected of overheads to be recovered

corset" restrictions.

They suggest that the money

average base rate of the banks recent, rights issue by

is likely to remain more than 14

Midland Bank, that at least one

of exceeding permanently official per cent under last year's more rights issue is a strong

targets, the Bank will bring back average of 8.9 per cent.

possibility this year.

The brokers foresee a favourable about 15 per cent, is expected interest rate weapon is regarded as quite ineffective for quick into bank charges which in time results,"

will enable a greater proportion

of the product of a 1 per cent on the damage, would be able to claim back 75 per cent of the extra cost from the Government.

Details of the scheme are

still being worked out with

local authorities involved but

it will cover mainly domestic

property and excludes damage to sea walls.

The EEC aid comes from a

special Community budget for

victims of disaster. The disaster

fund for 1978 is about

£23m, of which about £1m is

being given to Britain. The

Commission also decided yes-

terday to give about £260,000

towards repair of flood dam-

age in France.

**Britain given £1m. storm aid**

By David Churchill

**FINANCIAL** aid of almost £1m towards the repair of damage caused by the recent snow and floods in the United Kingdom was agreed yesterday by the European Economic Commission.

The aid, which follows discussions between the Commission and the British Government, will mean that England will get more than £651,000 while Scotland will get almost £128,000.

The aid to England will be used mainly to re-build dykes and roads, in East Anglia and the South-East. The use of the Scottish aid will be determined after more detailed examination of the damage.

#### Restrictions

Last week Mr. Peter Shore, Environment Secretary, that local authorities which have had to spend more than the product of 2 1/2 per cent on the damage, would be able to claim back 75 per cent of the extra cost from the Government.

But to establish itself as a strong runner in the Leyland stable, it will need to create sufficient demand to fill the production lines.

This demand has simply not materialised. Leyland sold about 16,000 TR7s in the U.S. last year, slightly fewer than its Spitfire sales.

For the total U.S. and home markets, it made about 20,000 units, against a target of more than 40,000, and a potential output of 100,000 cars from the present facilities.

In the days of expansion in Liverpool—the Speke assembly lines came into operation in 1971

Leyland executives were talking about an annual output of 200,000 cars.

It might have been possible to make Speke into a viable project if all the factors had been right.

If, for instance, Leyland could have got the improved productivity it wanted out of the plant it would have helped; and if quality, which was very poor on the first models, had improved, it would have helped still further.

If, for instance, Leyland could have got the improved productivity it wanted out of the plant it would have helped; and if quality, which was very poor on the first models, had improved, it would have helped still further.

In addition, Leyland had plans to produce a larger four-seater

variant of the car, called the Lynx, which would have helped

draged on so long, they argue, if the management had really wanted to sort out the issue.

However, it is only fair to point out that the unions them-

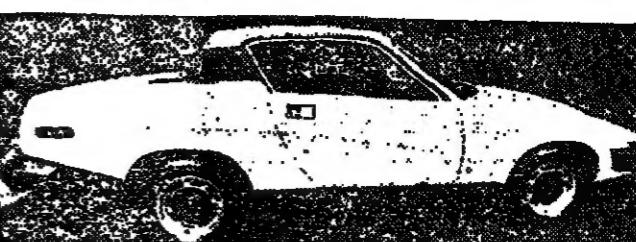
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cial this week, and that Leyland

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# Why Leyland must put TR7 on sounder footing

BY TERRY DODSWORTH



TR7: Only a limited success.

IT IS tempting to interpret Leyland Car's decision to close its TR7 assembly plant at Speke in Liverpool solely as a move to discipline its troublesome workforce.

The 16-week strike at the plant, over somewhat marginal procedural issues, will certainly have strengthened the management's resolve to take a tough line.

But the thinking behind the move is mainly commercial: the TR7 is losing money, and its production has to be rationalised to put it on a sounder footing.

Mr. Michael Edwardes, the new chairman, could scarcely

have given a more positive indica-

tion than this of his determination

to restore managerial prerogatives within British Ley-

land.

Virtually every time that the

question of plant closure has

come up in the past, it has been

ruled out as politically impos-

sible. Yet Mr. Edwardes is now

challenging this argument head-

on.

The trouble with the TR7 is

that it has had only a limited

success since its launch three

years ago. The car was designed

as a successor to the long line

of Triumph sports models and

aimed primarily at the U.S.

market, where Triumph has a

strong name.

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#### NEWS ANALYSIS

#### • SPEKE CLOSURE

This would leave Speke with about 3,000 jobs in the stamping and body plant alongside the TR7 factory.

But it would have the effect of reducing Leyland's overall work force (30,000 jobs are to go at Speke) and reducing the cost of the TR7 output through shared output at Canley.

Leyland would also be able to

cut back the project to get

production more in line with the present level of demand.

#### Modest output

The company has already made it clear that it will be aiming at more modest output for the car—probably about 20,000 units a year—after the reorganisation.

Because of the commercial considerations behind the Speke reorganisation, many shop stewards believe that Leyland deliberately provoked a dispute in order to close the plant.

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## PARLIAMENT AND POLITICS

## MPs insist on 40% 'Yes' in referendum

BY IYOR OWEN, PARLIAMENTARY STAFF

GOVERNMENT-BACKED efforts to remove the requirement that 40 per cent. rule of "changing the rules of referendums as they go along" and revolutionaries were playing into the hands of the Scottish National Party."

In the EEC referendum, 35.7 per cent. of the Scottish electorate had voted "Yes" and 25.4 per cent. "No." Neither side would have passed the test of a very serious constitutional crisis." MPs voted down an amendment to restore the 40 per cent. rule retained unchanged. The result would be not just a battle between people and Parliament, but also between the Scottish people and the English Parliament.

Ignoring a warning by Mr. Michael Foot, Leader of the Commons, that retention of the 40 per cent. hurdle would invite "a very serious constitutional crisis," MPs voted down an amendment to restore the 40 per cent. rule retained unchanged. The result would be not just a battle between people and Parliament, but also between the Scottish people and the English Parliament.

Mr. Foot stressed that a referendum verdict which showed a substantial majority for the establishment of a Scottish Assembly would not necessarily justify the 40 per cent. qualification.

But his arguments made little impression on the House and were swept aside by Mr. George Cunningham (Lab., Islington S. and Finsbury), principal architect of the 40 per cent. hurdle, who insisted that if there was an overwhelming demand for devolution in Scotland, there would be no difficulty in satisfying the voting qualification which had been introduced.

His powerfully argued speech was cheered from anti-devolutionists on both sides of the House who saw the 55 majority. Mr. Cunningham secured a winning margin of only 15 when his 40 per cent. amendment was carried three weeks ago—as a death blow to the Government's devolution plans.

In a second vote, an attempt to replace the 40 per cent.

Market referendum, he said that the decision should have been given in the Commons without a second referendum on devolution.

For the Opposition Mr. Francis Pym said that the 33 per cent.

Having gone down the road to a referendum, we should stick at backstop for the Government, but the 40 per cent. hurdle was not at the point that every election in this country had been on a of both worlds.

He accused supporters of the simple majority vote. Any attempt to alter the rules now would be seen as a bid to fiddle the result and would bring the House into disrepute.

Mr. Gordon Wilson (SNP, Dundee E.) said that because AMs disliked any attempt to chisel away their authority they were going out of their way to put a barrier in the way of the Scottish people. The House was sowing a minefield for itself.

If the 40 per cent. rule remained unchanged, it would establish a "dangerous precedent." It might be used by politicians who sought to conspire to interfere with democratic decision-making. If the 40 per cent. rule was applied to local authority elections, there would probably be no councillors at all.

Mr. Alice Buchanan-Smith (C., N. Angus and Mearns) said Parliament was creeping down the slippery path towards eroding its sovereignty by establishing referendums as part of the constitution.

He opposed the idea of having a percentage "test" in the referendum. If there was a referendum, it should be on the same level as the vote on Britain's entry to the EEC.

If we still believe in the sovereignty of Parliament, there should be no test built in at all. If the test was applied, they would then be going down the slippery slope where you make a constitutional referendum into a mandatory one.

Mr. John Mackintosh (Lab., Berwick and E. Lothian) said that the whole approach to the issue, brought Parliament into contempt.

Referring to the Common Market referendum, he said that the decision should have been given in the Commons without a second referendum on devolution.

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Having gone down the road to a referendum, we should stick at backstop for the Government, but the 40 per cent. hurdle was not at the point that every election in this country had been on a of both worlds.

## Labour's wage controls will fail—Gowrie

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Labour Government is bound to lose the next general election if it fights on its wage control policy of firm wage controls. Early Gowrie, Conservative economic spokesman, in the Lords predicted last night.

He said that if the Government retained a wage control policy "of any detail whatsoever," it would lose the election through Labour abstentions alone.

Lord Gowrie was speaking in a debate initiated by Lord McCarthy, a Labour peer, on the method of dealing with public sector pay.

At some length, he outlined the alternative to the present strict enforcement of 10 per cent. guideline.

Although he did not lay down specific control proposals,

Lord Gowrie's remarks were intensely hostile to the form of firm wage controls. I believe there are severe political restraints, not just on Conservative Governments, but Labour Governments in what can be achieved in this field.

Lord Gowrie added: "We want modestly and slowly to try and start an orderly withdrawal of Government from areas where it does not have direct concern, but where its direct intervention only exacerbates the difficulties."

Government and both parties had tried to establish wage controls by fair means or foul, and he believed the present

Three policy was foul. It was doomed to fail either because the Government would fall or because the unions would not co-operate in making controls stick. This applied particularly in the public sector.

Through bitter experience, Governments should have learned that there was only one thing to be done on the wages front. This was to make it clear what the nation could afford and what

the Government had in the kitty. It should then be left to directly interested parties to see to its distribution.

A future Conservative Government would have to take those powers which all Governments must have to protect the weak or help those too ill-organised to help themselves. "We will use all the methods directly at our disposal to try to educate people in cause and effect in the economy," he explained.

In the nationalised industries, a Conservative Government would try to start "the long, slow and exhausting process" of breaking down the inflationary expectations which were engendered by centralised control of wages as against centralised determination of money supply.

He recalled that the Conservative document "The Right Approach to the Economy" had emphasised that all attempts at wage controls were eventually broken. A subsequent run for higher wages was a recipe for higher inflation and unemployment.

Opening the debate, Lord McCarthy said that the Government was the shot at the bargaining table. "It is the inevitable truism that never tells the bargainer what they are determined to do what the Government does not want them to do when it shrieks for them to stop," he declared.

For the Government, Lord McCluskey said there was no whip on the part of Ministers to discriminate against public sector employees by holding down pay below the levels in the private sector.

If public sector settlements were within the guidelines the Government would see that these in the private sector "are not given unrestricted opportunity to ignore the policy in their wage settlements."

## Rees defends present immigration policy

BY RUPERT CORNWELL, LOBBY STAFF

MR. MERLYN REES, Home Secretary, yesterday asserted that the Government's existing policies were already producing a steady drop in immigration, and that any changes that could be made would have little effect on numbers coming into the UK.

In making this point, Mr. Rees chose his words to cause embarrassment to the Tories by using the exact phrases employed first by Mr. William Whitelaw, the Conservative deputy leader, and then last weekend, by Mrs. Margaret Thatcher to Young Conservatives at Harrogate.

It was already the case, Mr. Rees told a Press Gallery lunch at the Commons, that the Government had "a policy which is clearly designed to work towards the end of immigration as we have seen it in this country in post-war years."

His implication was that any sweeping modification to the rules would mean measures so drastic as to involve a breach of commitment already made, especially under the Conservative Immigration Act of 1971.

Mr. Rees denied that the Government intended to "play it soft" on immigration and repeated his promises to stamp out abuses wherever they were found. The only real alterations

changes in the nationality law which were now under general discussion.

Mr. Rees went out of his way to attack suggestions that the nationality law might be amended to remove the right to vote from the Irish settled in the UK. The Government was firmly against altering a relationship that was enshrined not in the nationality law, but in the Representation of the People Act 1948.

Last night, Mr. Airey Neave, the Tory spokesman on Northern Ireland, denied that Conservatives were considering altering the rules governing the exercise of British citizenship on aational basis. I was not referring to Irish voting rights in my speech on January 23, nor did I mention them," he said.

Despite Mrs. Thatcher's chilly reception this week of the Prime Minister's offer of an all-party summit on immigration, Mr. Rees stated yesterday that the offer was still open. But Mr. David Steel, the Liberal leader, while welcoming the idea, said in a formal letter of reply to Mr. Callaghan that that conference would do better to wait until the report due after Easter from the Commons Select Committee on Race and Immigration had come up with its findings.

## Rippon bid to dispel confusion over EEC

By RUPERT CORNWELL, LOBBY STAFF

MR. GEOFFREY RIPPON, Leader of the Conservative delegation to the European Parliament, last night attempted to clear up the confusion among Tories over reports this week

from Strasbourg that the party was about to take a much tougher line towards the EEC.

In a telegram from Strasbourg to Mr. Chris Gent, the leader of the Young Conservatives, Mr. Rippon assured him of his pro-European sentiments and his "passionate" belief in the need for a deeper European unity.

The reports, which suggested that the Conservatives might make the fisheries a make-or-break issue for the Community, were "grossly exaggerated," he said.

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Mr. Rippon, who handled Britain's entry negotiations in 1973, said there might be a risk of the Community "drifting to disaster" if the fisheries talk fail. But a fair and balanced solution had to be found to the problem, which involved a vital British interest.

In his telegram, he warned that if applicant countries like Spain, Portugal and Greece were rejected by the EEC, "we would all be thrown back at least into the creation of a new and enlarged EFTA." But that was not what he advocated.

These exchanges have done little to solve the mystery of Tory policy towards the EEC. The latest signs of a switch have led to speculation that Mrs. Thatcher and other Conservative leaders fear Labour's tough approach as becoming highly attractive in terms of votes at a general election.

## Student costs

STUDENT UNION membership fees for full-time students in the UK cost public funds about £15m. in the 1976-77 academic year. Mr. Gordon Oakley, Education Minister of State said in Commons written reply yesterday.

BRITISH SHIPBUILDERS has now concluded a contract with the Anglo-Polish Shipping Venture Company for 22 ships and two crane barges. Mr. Gerald Kaufman, Industry Minister, said yesterday in a Commons written reply.

Certain materials were to come from outside the UK, but most of the sub-contracts had now been placed and British Shipbuilders did not expect the total value of such materials to exceed 14 per cent. of the total costs of the deal.

## Minister rejects glue products warning

BY JOHN FRASER, CONSUMER FLYING PRODUCTS WHICH CAN BE

PROTECTION MINISTER YESTERDAY REFUSED TO BAN THE SALE OF GLUE TO YOUNG PEOPLE OR TO PUT WARNINGS ON GLUE PRODUCTS.

The ban had been urged by Mr. James Dempsey (Lab., Cambridge and Airdrie) because of the increase in glue sniffing and its danger to life and limb.

In Commons written reply, Mr. Fraser said he agreed about the dangers of glue sniffing. But there was a wide range of products that could be used for sniffing that were not harmful in normal use.

"I do not consider that it would be either practicable or justifiable to prohibit their sale to young persons," Mr. Fraser said.

He was not convinced that a warning label would be effective in deterring young people. "Warnings might, in any case, do more harm than good by providing an easy means of identifying

glue sniffing," he said. "It is the community's proper role in development and creation of its share in the increase in glue sales."

It takes time for a new contract to take root and change conditions of armistice. There are many ways of achieving a settlement, and the Government's policy must be based within this wider framework.

The Act, which ensured for the community's proper role in development and creation of its share in the increase in glue sales, was introduced by the Government, if the retention of freehold to at least look at the length of lease they would permit.

Baroness Ward (C. N. Tyne-side) said the Government and local authorities should encourage industrialists instead of obstructing them. "I cannot believe that this Government would continue to operate legislation which is creating unemployment," she said.

For the Conservatives, Lord Sandy said, "we are to consider whether our own policies in Europe ought to be all for freehold and them about freehold sites."

There was no doubt that the Community Land Act had inhibited employment and development of sites in the UK. "It should be struck from the statute book," he said.

Baroness Birk, Environment Under Secretary, said a major objective of the Government was to ensure a sensible use of land. "The catastrophic effects for housing, industry and commerce of the land price explosion in the early seventies are still—or should be—very fresh in our minds."

Lord Middleton agreed that it was desirable for firms to acquire freeholds for industrial sites. Financial institutions would insist on a freehold interest or a

company to have an option to buy the land site of 185 acres. "This was one of the cases where the Community Land Act had been

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## LABOUR NEWS

## Pre-Rail union finds formula inside pay guidelines

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL Union of Railwaysmen, the biggest rail union, believes a productivity deal, the broad outline of which has already been agreed, will provide the basis for a settlement within pay guidelines.

A settlement for the rail unions would remove the only tier group in the public sector, apart from the power workers, who could still threaten serious industrial disruption during the current pay round.

Talks have already begun on proving an existing incentive bonus scheme at British Rail's workshops, which employ about a fifth of the industry's 250,000 workforce. Initiatives have so far been agreed by British Rail's 13 main unions but the talks will eventually cover smaller work units.

The British Rail Board has tentatively agreed with the rail unions the broad framework of productivity deal based on a national measurement of increased freight and passenger movement. Actual details of specific measurements to be used have still to be agreed.

The NUR hopes that a team will be established to monitor increases in traffic at issued periods during the year and relate these directly to productivity element in the workers' wage rise varying through the period of the agreement.

The union is confident that

increases in productivity this year can be related to work changes, including the introduction of new signalling which involved some job shedding, brought in last year.

The union says that it would then be seeking to consolidate productivity payments into basic wages.

British Rail management is apparently prepared to see any productivity deal cover all British Rail staff, manual and white collar. The workshops would be included, however, because of their existing wage arrangements.

On the non-productivity element of a rail settlement, British Rail has made it quite clear to the unions that nothing will be offered outside pay guidelines.

"Although the NUR has been seeking 'substantial' rises, it believes it could reach a settlement without industrial disruption based on productivity payments.

It is by no means certain, however, that a bargain can be struck between rail unions and management without the unions resorting to industrial action.

The drivers' union, ASLEF, numerically much smaller than the 80,000-strong NUR, has also been seeking large pay increases together with major improvements in special payments, including those covering unsocial hours.

The union set a target last year of a basic pay increase of about £30 for the present wage agreement.

The union is confident that

## BP men call off overtime ban

BY OUR LABOUR STAFF

SHOP STEWARDS representing BP tanker drivers yesterday fell in line with those at Shell in calling off their overtime ban on Monday. Stewards at Esso and Texaco, also involved in industrial action, are meeting to-day and to-morrow.

Yesterday's vote, 32 to 28 in favour of a new pay offer, was much closer than that among the Shell stewards, and, at times, the two sides will meet again on March 2, with the unions still holding out for pay and productivity payments comparable with those received by surface workers in the coal industry.

Yesterday, the Electricity Council again emphasised that any direct pay settlement must be kept within the 10 per cent guidelines.

It offered some improvements in productivity proposals, which Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, said would take productivity payments from an average of £1 per week to about £3.60.

Mr. Chapple said that the unions were still nowhere near the level of increases which they were seeking, but "no one in his right mind wants to see British blacked out because of this and that is why we keep on striving to reach agreement."

He had no idea whether unofficial groups were planning to take any action over the pay claim. He hoped his members would await the outcome of the next meeting with the Electricity Council, but they would not be bound.

The offer was a complex one

## Power men say no to '60p a week improved pay offer'

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of 90,000 power workers yesterday rejected a new Electricity Council pay offer which negotiators said represented an improvement of only about 80p per week.

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## City firm pay deal may be queried

By Our Labour Staff

FURTHER PAY trouble over accountants' firms came yesterday with claims that an agreement by the City firm of Arthur Andersen could be in breach of the Government's wage guidelines.

The firm is believed to have agreed a productivity deal with its accountants, Mr. Ian Hay Davison, managing partner of the firm and a member of the Price Commission, said that the firm had kept this carefully within the wage guidelines.

The firm could come under investigation by the Department of Employment.

The Department is already looking at 5 per cent "loyalty bonuses," which could mean up to £500 a head for employees of the accountants' firm of Price Waterhouse, Peat Marwick and Mitchell are also offering such bonuses. Both firms consider the bonuses to be within guidelines.

Mr. Len Murray, general secretary, told the Prime Minister in a letter that restriction in the use of the subsidy in the textiles, clothing and footwear industries could make it hard for 100,000 more people unemployed, particularly in the North West. The EEC Commission has told the Government that it believes that the subsidy is distorting competition in these three industries.

The Barclays Group Staff Association is informing the bank that conditions, including flexibility for Saturday branch opening, attached to productivity deal now being offered to staff are unacceptable as presented. The association, however, believes it can negotiate on the conditions.

In all cases the Phase One and Two pay rises, supplements already being paid remain unconsolidated. The miners decided that they did not want the cost of consolidation—1.8 per cent, of the wage bill—deducted from the 10 per cent, earnings limit set by the Government.

The question of consolidation

## Miners settle after squeezing extra £3.2m. from Board

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS yesterday tied up improvements in shift and their pay agreement for this year, other allowances would be dealt after squeezing another £3.2m. with "as soon as possible," Mr. Gormley said.

Executive members of the Miners' schemes are adding National Union of Mineworkers from £3 to £50 a week to target rate, rising to £80. In most cases, but the national average will not be known for several months. Other underground workers and surface workers receive a proportion of the bonus.

Mr. Gormley, in a reference to the political division of his executive, said that during the voting there had been "some strange bedfellows. I said they should learn to sleep with one another a bit more."

Mr. Gormley said that the executive also voted 11.8 to take the money as percentage rises, not as a flat rate.

The money will be added to basic rates; the extra overtime pay, according to the Board, will be offset by absentees.

From March 1, when the agreement comes into effect, the target rate for a shift of coalface worker will rise to £78.25 from £70.25, and that of a surface worker to about £55 from £49.50.

A CLAIM has been made for a substantial pay rise for 20,000 workers in the dyeing and finishing section of the textile industry. It came from the National Union of Dyers, Bleachers and Textile Workers, based at Bradford.

## Claim made

## Tyne boilermakers end heir ban on overtime

OUR SOUTH SHIELDS CORRESPONDENT

HUNDRED boilermakers in Tyne's six nationalised ship yards yesterday voted by an overwhelming majority at a mass meeting at Wallsend to lift all overtime ban imposed three days ago after a dispute over and working arrangements.

Tyne Shipbuilders Group said that the boilermakers in lifting their ban, had also given a "copper-bottomed" guarantee that all work coming into the yards pending further negotiations would be completed on time.

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## The Marketing Scene

### Sch... new mixer steals a march

WITHOUT GIVING too much away to the espionage agents of the big brewer, Cadbury, Schweppes is quietly confident that it has once more stolen a march on the opposition with its new mixer drink, Russchian, which is at present being test marketed in Anglia and may well be sold nationally by the end of this year.

Life in the £150m carbonated mixer market is bitter-sweet at the best of times, and Schweppes has twice before spent considerable sums on developing new mixers—Bitter Lemon in 1953 and Slimline tonic in 1965—only to see them promptly copied by its rivals.

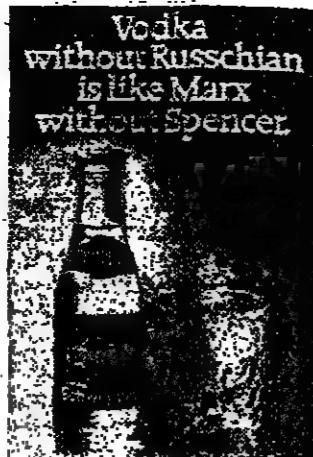
With Russchian it's off to yet another flying start. Russchian is a mixer invented by Schweppes to go with vodka. It took four years research and development during which hundreds of recipes were tried. It is slightly pink in colour, partly to differentiate it from tonic, and is called Russchian because—Sch... you know why.

Although it has considerable aspirations in the soft drink market, Schweppes marketing director John Carson says the company was determined to defend its home market in mixers, which is why it invented a mixer for vodka.

Vodka is the coming thing. According to Government statistics, U.K. sales of all spirits per million proof gallons grew by 17 per cent between 1973 and 1976. Sales of vodka during the same period grew by 70 per cent. According to estimates, vodka sales could improve from 1 per cent of the spirits market five years ago to 16 per cent by 1980, partially at the expense of gin which could slip from 18 to 15 per cent.

Research carried out on behalf of Saatchi and Saatchi Garland Compton indicated that women slightly outnumbered men among vodka drinkers. What was more important, those in the 16-34 age group of both sexes accounted for an estimated 60 per cent of total vodka consumption, which underlines its growth potential.

The test market operation was launched last September. Anglia please. MTN.



monitored £2m. on advertising last year, plus £m. below the line).

Now the start of a Saatchi document on its Russchian campaign comes the time-honoured quote: "The advertising is the product—the mix in the bottle is just a convenient way of collecting the money". All right, Schweppes is happy with the ad. But it is even happier with its product. Within four or five years it hopes sales of Russchian will be as high as 16 per cent of its sales of tonic, currently worth £30m. at RRP.

As they say in Anglia: Vodka tovarich shmyodka Russchian, please. MTN.

### How TV costs are moving

BY MICHAEL THOMPSON-NOEL

FOR SOME TWO YEARS now the real cost of television airtime expressed as cost-per-thousand audience has been spiralling upwards at a rate well ahead of the increase in retail prices, which has been very nice for TV profits if less good news for advertisers. The underlying reason has been the stiff increase in demand for TV advertising time and the legal restrictions which prevent the TV companies from increasing the supply of commercial minutes per hour to meet it.

This means that without increases in rates of the same magnitude as increases in demand, the contractors would have had only two courses open to them: to sell off all their commercial minutes to the big, long-term advertisers who can book well in advance, which would effectively shut out the smaller or shorter advertisers, or to ration airtime so that everyone got something. What they in fact do is sell to the highest bidder through the pre-empting of spots.

The prospect of rationing, at least on Thames, could arise again this spring in the face of even stronger demands for airtime. In the meantime, ever-growing demands are being made on the skill and expertise of agency and specialist time buyers. It is no longer sufficient to identify the highest rating spot and haggle about rates. Nowadays the time buyers have to forecast with real accuracy the state of the airtime market in order to avoid paying too much or too little, which may result in the loss of advertising spots through pre-emption.

This has made competition vastly more fierce and has led them to seek more ways of accu-

#### TELEVISION MARKET SUMMARY

ITV REVENUE		MINUTES SOLD	
1977	1976	1977	1976
£29,042,309	£21,016,649	+38.2%	+39.9%
£29,000,349	£23,000,620		
ITV SHARE OF HOURS VIEWED		AVERAGE COSTS PER '000, Dec. 1977	
53%	49%	+4%	
Audience	Minimum	Adjusted	+ or -
Housewives	£1.77	£1.92	Dec. '76
Adults	£0.93	£1.01	+23.8%

rately evaluating their own buying against the airtime market in general. In line with many others, David Pearce Berry and Spottiswoode now produces a continuous study of market-place factors; in particular it has established what it describes as a continuous and workable guide to the average costs per thousand adults and housewives actually paid on the network.

According to DPBS media director Peter Todd: "The study is based on two sources of data: the monthly net revenue of the contractors, and a special analysis, from AGB, of the total number of advertising messages delivered in each area at each spot length. The division of the network into areas of different size and delivery levels, a different rating level, a different total number of advertising messages. However, says Mr. Todd, this presents no problem for comparison as an agency's own rates per thousand can be re-weighted with each area having the same percentage of total messages as was achieved for the market as a whole."

DPBS says there are three elements whose precise dimensions are not known which therefore affect the accuracy of its comparisons. However, it can make reasonable estimates, and these are used to produce 'industry-adjusted' costs per thousand. The three are:

• Volume discounts, given to the heaviest spenders on TV. DPBS reckons that perhaps 50 per cent of all TV spending attracts this discount at an average of perhaps 7 per cent, so it therefore adds 3.5 per cent to the calculated industry cost per thousand.

• Test market discounts. According to Peter Todd: "These are also non-negotiable and should be excluded from a measure of buying efficiency. The contractor is asked to reduce the 'real' industry cost per thousand. Although no accurate figures are available, it is likely that some 10-15 per cent of expenditure is on test market discounts, and although rates vary considerably, the real reduction in cost is probably in the region of 20 per cent. Allowance is therefore made for a further 2.5 per cent on the adjusted costs per thousand."

• Local advertiser rates. On a network basis, says DPBS, the amount of airtime sold at these rates is unlikely to account for more than 4 per cent of total revenue. The effect of these rates is expected to cause a 2.5 per cent reduction in the comparative industry costs per thousand.

Thus DPBS's adjusted industry average costs per thousand receive an assessed 8.8 per cent increase on the basis of the three elements for which full information is not available.

There is currently talk of possible Price Commission interest in TV ratesards generally. It will be interesting to see how that interest develops against a background of rising audience costs as monitored by DPBS and other agencies.

MASIUS WYNNE-WILLIAMS **YELLOW PAGES** revenue in has now definitely overhauled the main J. Walter Thompson 38 per cent. **OVER 1,200** marketing and ad agency in the latest rankings **Expenditure** men have registered for Marketing Analysis. They cover 1977 and show that **Masius** increased its Conference Centre next week. The exhibition will feature over 120 companies. **THROUGH MASIUS**, Hoover is about to launch its biggest multinational campaign. The drive will cover 12 markets in Europe. Several new products are in the pipeline.



**POLAROID** has signed mime virtuoso Marcel Marceau exclusively for its international TV campaign for the 1000 cameras.

Advertising will begin in early April and run until July.

**LATEST ENTRANT** in the independent media buying stakes is Bygrave, Bone and Associates which sets up shop this week. It has been formed by Terry Bygrave, 38, formerly with BBDO and Verner and latterly at CDP, and Peter Bone, 33, a group sales manager at LWT.

There are now 19 U.K. media buying shops; by the end of next year, says Bygrave, the number could grow to 25.

**BOVIL CUBES**, now into Lancashire and Yorkshire with TBW backing, have a 40 per cent share of the market in all areas where they have already been launched and have contributed to a 35 per cent growth into the red meat cube sector, says the company.

### Masius No. 1 with 29.1% gain to £49.2m.

### The corporate message

DESPITE ITS growth—it is now worth an estimated £15m. a year—corporate advertising still has a rather poor image. As Richard Spiegelberg of JWT told a conference in London this week, corporate advertising is too often bland, unimaginative, self-indulgent, self-congratulatory and frankly unbelievable, probably because too much emphasis is placed on what the advertiser or the agency thinks would be good for the public to hear rather than on what the public wishes to know.

But there's a lot of it around, and it will almost certainly get better, even though some advertisers are still unable to determine where corporate advertising can fit in.

As Frank Muldoon of the *Guardian* told the conference, increased restraint on how business operates, as well as changing attitudes in the community which eventually work through

into legislative change, are making it even more important for companies to establish a dialogue with the rest of the community in order to explain how they are reacting to social change.

This theme was developed by Tony Kippensberger of the Financial Times who observed that and large the talents of the advertising industry were still mostly used for selling products and not the company. It is important that industry puts across its attitudes and counter-arguments effectively and not let its case go by default.

As itemised by Kippensberger there is certainly a wide range of target audiences to which legitimate corporate advertising can be addressed: the public (including consumers, opinion formers and pressure groups); the financial community (including shareholders, particularly the institutions, and the banks); employees (including management, potential staff and the unions); the public.

It ran three series of Press advertisements last year, particularly stressing the benefits to be obtained from oil wealth, the size of investment needed and the risks attached, as well as explaining the nuts and bolts of its exploration and development plan. The campaign cost £290,000 and was so well received that Mobil was asked for 15,000 sets of the advertisements by schools and the public.

"We believe the response shows we were doing the right thing at the right time," said the Mobil man. "The real test will come if the going gets tough and Mobil's credibility comes under attack. If we've got it wrong we'll go straight to Coal and will have to throw an awful lot of sixes to get out."

A second case study was provided by Richard Spiegelberg, who explained JWT's approach to last year's £750,000 campaign for the four main clearing banks, distressed as they were by talk of bank nationalisation. The campaign drew more than 50,000 responses from the public, the overwhelming majority of them against nationalisation, and the campaign was adjudged a success. Ironically, there were criticisms last year that the banks' campaign was designed to solicit the response the banks wished to receive, not the one the public necessarily wished to make—a criticism the speaker would no doubt have answered if given more time.

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### \$500,000 readership survey

By Michael Ryan

THE MOST AMBITIOUS international readership survey yet attempted is currently at pilot stage, and results are due in September. The sponsors are Time, Newsweek, Economist, International Herald Tribune and Scientific American. The research contractor is Research Services and the cost is \$500,000.

The universe to be researched is described as "men of high status living in good residential areas" in 10 countries: Britain, France, Germany, Belgium, Netherlands, Italy, Switzerland, Denmark, Sweden and Spain. The survey is to be based on 5,000 personal interviews conducted in the home, and it is planned to collect readership data for about 300 publications as well as demographic and product data.

Access to the survey has not yet been decided. It may be open only to the sponsors, although if that were the case it would be likely to reduce the value of the survey to the advertising industry.

### Why the finest hotel in town seems a long way out of it.

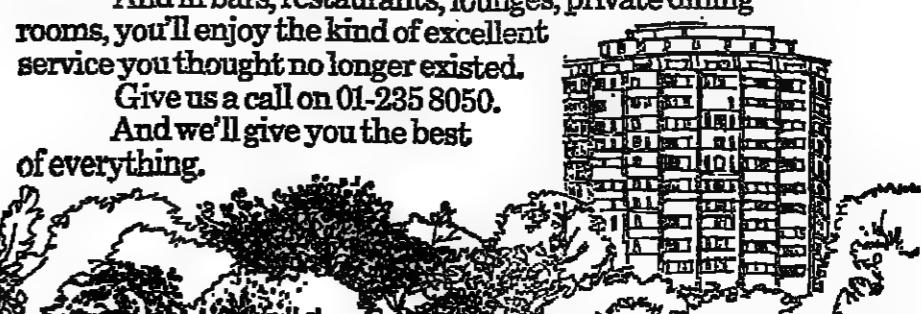
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FT3

# Whitby's mine of uncertainty

BY PAUL CHEESERIGHT

NATIONAL self-sufficiency in place, it will have to be in the factor to be considered in relation to the effects of dumping waste salt from the potash refinery at sea.

Boulby, north west of Whitby, is the main conflict being investigated at the Whitby potash enquiry, now in its second week.

The enquiry draws together many of the elements of the new classic confrontation between the demands of industry and the environment.

Certainly the question of whether there should be a potash mine in the North York Moors National Park and a refinery on the outskirts of the town has been the subject of sporadic local debate over the last ten years. Lately, however, discussions about Whitby's economic role have sharpened in the attempt to see whether there might be a balance of interest between a new potash industry and the traditional living.

The immediate point of the enquiry is to decide whether Whitby Potash, a subsidiary of Consolidated Gold Fields, should establish a solution mine

— that is, a mine without the conventional shafts and headgear—on Egton Low Moor,

and shift the raw material to a refinery some four miles away by underground pipeline. The refinery would be a mile away from the town centre, and next to an existing industrial estate.

Last year the National Park Committee rejected an extension of planning permission, originally granted in 1970, for the development. The grounds on which it took this step provide the text for the present inquiry.

Damage to the character and environment of the North York Moors National Park and Whitby would far outweigh any economic or social benefits to the local community or the nation," the committee declared.

For the nation, the inescapable fact is that, if domestic mining of potash is to take

place, it will have to be in the factor to be considered in relation to the effects of dumping waste salt from the potash refinery at sea.

Of these three sources, the most obvious clash is between tourism and the potash development, largely because the tourist industry depends on

Registered unemployment in the Whitby area has consistently been running above the national average and currently stands at 661 people or 12.3 per cent of the workforce. Gold Fields is offering about 200 jobs.

(To suspicious local suggestions that large portions of the workforce would be brought in from outside because of the specialist skills required, Gold Fields retorts that, because its

longer term future of Whitby rests on the building up of local industry. The potash refinery at sea.

Of these three sources, the most obvious clash is between tourism and the potash development, largely because the tourist industry depends on

Mr. Leon Brittan, the constituency's Conservative MP, has come out in favour of Special Development status for the area. This provision of extra incentives could attract more companies to the area. But the paradox is that, in spite of the level of unemployment, some companies already there have difficulty in either attracting labour or maintaining their workforces at the level they

would cover 67 acres on an 84-acre site with three buildings more than 85 feet high and a chimney 265 feet high. The second is the mine itself where there would be a network of pipes above ground and a pump house 9,900 feet in area and 25 feet high.

According to the North Yorkshire County Council, "the refinery would impair views towards and from Whitby and would be visible in whole or in part from an area of 17,700 acres, most of which is in the vicinity of the refinery which is on the verge of fresh expansion through the installation of new machinery." Mr. Ken Ingham, managing director, explains that only recently—in the course of a development going back to 1970—has the company managed to maintain a central hard core of labour and turnover has been high.

Kullman Glass moved into a factory on the industrial estate two months ago. The company makes fine glassware for medical use on machinery of its own design and exports 80 per cent of its output. Mr. Brian Cook, director, says no week has passed without absenteeism of some sort and that he needs four or five more staff immediately. He cannot find them.

The paradox spreads to the Royal Hotel where the number of staff varies from 40 to 117. It is difficult to assess the precise effect of a potash refinery at the height of the season. Yet labour has to be brought in from outside the area.

Whitby makes its living from three main sources. The first is tourism for which the town has natural attractions. The second is light manufacturing. An industrial estate has been established on the south side of the town which now has nine factories, the largest of which is owned by Winster Hesse. It employs over 200 people to make long-length, high pressure, hydraulic hose.

The third source is fishing, an industry which is subject to some uncertainty because of the disputes within the European Community. There is also some concern among in-shore fishers.

## A proposal to develop a potash mine in a national park has produced a classic conflict between industry and environment.

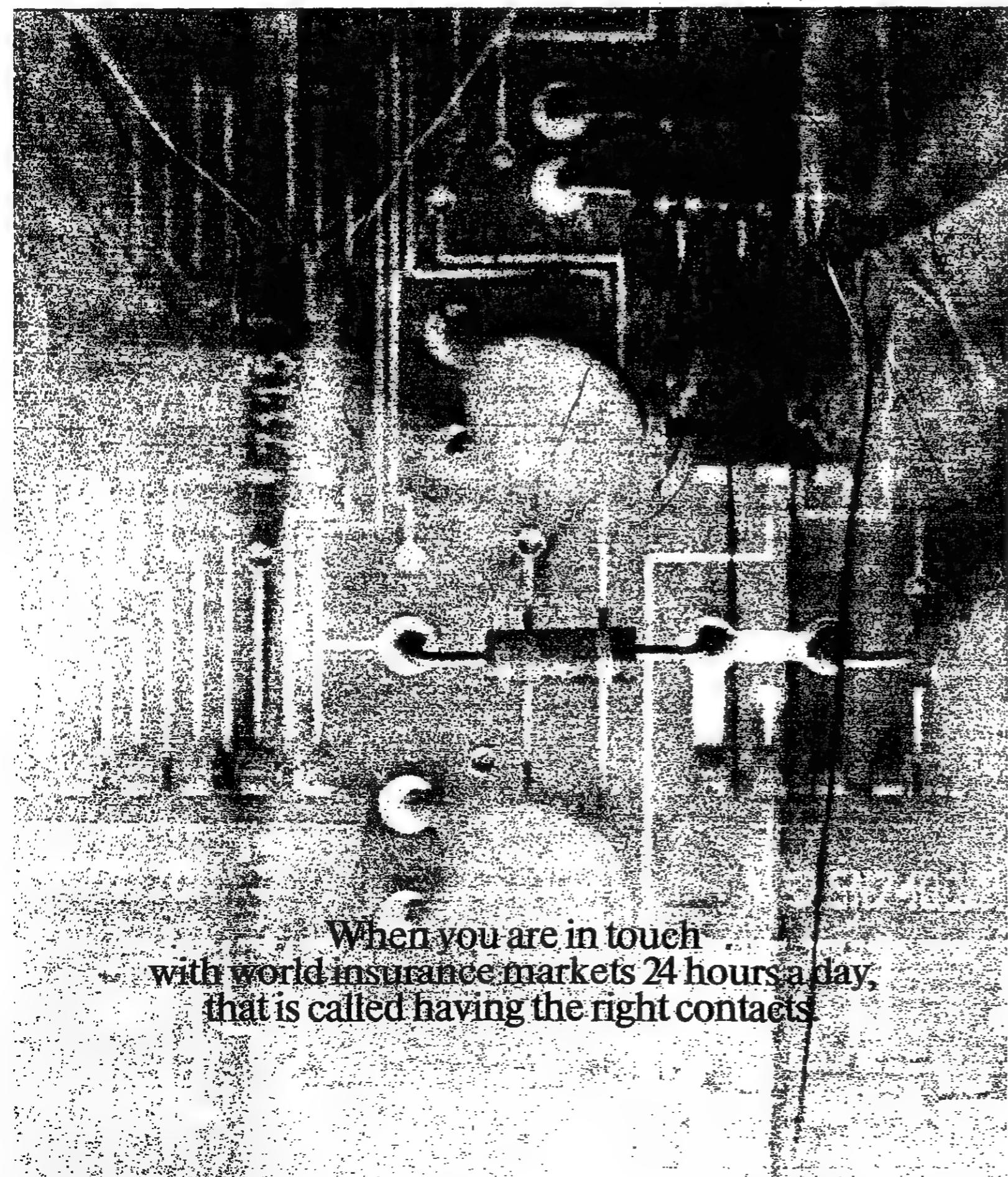
development is technically unusual, most personnel would have to be trained and Whity people should be as receptive to tuition as anybody from elsewhere.)

But the main issue is whether the presence of the potash mine and refinery would result in a net increase of the numbers employed or whether, on the other hand, the town's development of existing economic activities would actually be hampered, perhaps making the employment problem worse.

Whitby makes its living from three main sources. The first is tourism for which the town has natural attractions. The second is light manufacturing. An industrial estate has been established on the south side of the town which now has nine factories, the largest of which is owned by Winster Hesse. It employs over 200 people to make long-length, high pressure, hydraulic hose.

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Thus the effect of a new potash mine on local employment patterns is an important



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Financial Times Thursday February 16 1978

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# Hunter of heads in the City · Locum management

MICHAEL DIXON

RANGE of career to some top people in the businesses in the City of the area, and they seem to range however, K/FD like most head-hunters relies mostly on identifying and recruiting "white-kids" through appropriate professional and Oxbridge business, gentle and business directories and so on. Having produced a first list of prospects, if then contacts them asking, not if they would be interested in the job on offer, but if they happen to know somebody suitable who might be. How many of them take the bait varies widely. It is rarely more than 30 per cent, and sometimes as little as 2 per cent.

"There are times when you can't really set down which particular walking sets of human qualities would fit even the new operation. I guess we will know one that fits pretty well as soon as we see it."

How about training the recruit? "Well, we can provide guidance on interviewing and selection, but not the division, in short," said Lindsay, a senior associate at K/FD.

The most difficult task will be to locate suitable candidates to fit the research support available from our Mayfair office. So the expert "back-up" will be on call from the start."

Korn/Ferry Dickinson apparently opens a personal file on every job candidate it sees, referencing them by the types of business the candidates are experienced in and by the type of work they do. "So asked to find a wide range of a marketing manager for a grocery company, for example, it's clear enough what suitable backgrounds it has a list of basically include financial, jour. people within easy reach.

as well as less Godlike. "There is no contact with a occupations such as bank, candidates for five years, the stockbroking, and the rest, appropriate file is to use the this is not a job you constantly own firm—prescribe a set of par." "purged." But a simple outline skills for. I mean, it of the person's experience and depend very heavily on qualifications is kept in a card able to get on with the index.

When asked to find recruits, know, clients take to viewing Dyckhoff. For the first 15 years of his working life he was a talking of you as "our head-hunting," rather as they might through the management ranks say "our solicitor."

"So, it has to be somebody in steel, paper, and metal products to the managing director with this sense for other people's whole personalities, and who's Land. Then a change of group also capable of the sophisticated strategy put him among the salesmanship that will build up group of experienced executives a good clientele in the City. As we are looking for work, to age, well we are thinking of around 35 to 45."

As to money, the consultancy group and obtained a few other is thinking of something like assignments as a consultant 220,000. I gather that perks will over a can non-contributory pension and BUPA membership. Then he temporarily took over the general manager's job at a jewellery concern in London, and taking the life as a self-employed stand-in, decided that there might well be a permanent market for a new kind of professional—the locum manager.

"I know that companies get firms of management consultants to put one of their staff in on a temporary basis," Mr. Benjamin Disraeli, depicts in a nineteenth-century Britain. Dyckhoff said, "but the locum manager is essentially different, rich and the poor. If Disraeli It's a matter of standing alone, were alive here to-day, I feel and being hired directly to fill that he might well write a temporary sequel, possibly only a shortish period of time, entitled *Denis*. It would argue that an analogous division in many situations can arise where now developing between those a locum manager would be just whose earnings are taxed at what's wanted."

source; and those whose are not. "Take the company with a gap in its executive succession number of managerial people. You know, where the chief of who have moved across the new divide is 42-year-old Nigel, left and there's somebody good

coming up that you don't want at Tenbury Wells in Worcester. us could establish contact, I think that could be a useful to lose but won't be up to doing share as full-time general manager, the chief's job for a year or so responsible for the British first step towards developing more. What better solution subsidiary operations of the demand side of the market could there be than to get in a Cork-based Biocon group."

"One thing it's important to get an idea of, is suitable where a receiver is put into a long-term, but just couldn't find in going into a company as a complicated operation. The receiver's usually an accountant, but often surely doesn't have what while they kept on looking.

"What I'm doing here boils down to managing the marketing of enzymes for industries like brewing, distilling, baking, and for animal-feed flavourings. It's arrangement for legitimate expenses like travel and accommodation.

"Another prospect is where a general manager has to be able to cope with changes like that." Biocon has now found the long-term candidate it was seeking, and he is joining on March 1. Nigel Dyckhoff's contract ends a month later. Sure that

"My idea of a fair basis would be something like £1,000 a month, or for a part-time contract, say £50 a day, and at the end a bonus of around 20 per cent, to cover the continuing things like pension schemes."

"To form the proposed nucleus of locums, Nigel Dyckhoff wants to hear from interested people who have developed the professional skills of general management, and preferably sharpened them by business school training and have acquired a wide range of experience in business covering large, medium-sized, and small companies. Readers

also wants to build up the who fill the bill should write to him at his home: 68a, West Street, Harrow on the Hill, Middlesex—and the job course, but if a smallish number Column wishes the venture well,

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Mr. Gerald Risdon, Administration Partner.

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CONTACT: Mike Pope

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CONTACT: Kenneth W. Anderson (Director)

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CONTACT: Mike Pope

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CONTACT: Richard J. Meredith

## COMPTROLLER

Successful and well established Company in El Salvador, Central America, exclusive representative for FORD, U.K.; KOMATSU, Japan; HYUNDAI MOTOR COMPANY, South Korea; is looking for a person to fill a new office of Comptroller. Age 35/45.

Working knowledge of Spanish will be required. Salary: £7,000 to £10,000 according to experience and ability.

Principal will be in London March 14th and 15th for interviews. Please write in confidence to Box A.6265, Financial Times, 10, Cannon Street, EC4P 4BY.

## Top Management Advisers

Up to £10,000 + car

Since 1968 the HAY management consultancy group has grown from 7 offices in 5 countries to 55 offices in 20 countries. HAY-MSL, the British member of the group, continues to grow at over 20% per annum. Our consultants in London, Manchester, Edinburgh and Dublin work with top management of over 400 clients, on planning organisational improvements and in developing, motivating and rewarding people.

We now have two opportunities suitable for people in their thirties with line or functional management experience. They will have an honours degree or a professional qualification, and will be seeking broad experience in a demanding career with strong individual accountability.

### Client Consultant

who will manage the relationship between HAY and a number of clients, after training and experience in U.S.A. and U.K. Candidates with experience in engineering, retail or finance are of particular interest.

### Management Incentives: Specialist Consultant

To extend and develop our existing business and knowledge in management incentives, added value and sales incentives areas.

Depending on previous experience first-year earnings for either appointment will be up to £10,000 plus car, pension, life assurance and medical benefits.

Please write a short letter about yourself and your particular area of interest. Selected candidates, men or women, will be sent more information and be asked to send more details about themselves.

D. S. Anderson,  
Managing Director,  
HAY-MSL Limited,  
52, Grosvenor Gardens,  
London SW1 0AU.



## Corporate Audit Manager

International Activity-based London

NCR ranks in the top three multi-national computer companies operating world-wide on revenue from its wide range of equipment, application systems and related products.

The Corporate audit function operating from London covers Europe, Africa and Middle East embracing 45 separate organisations.

This senior management position reports to the Vice President, Finance, through the Director of Corporate Auditing. Your responsibilities would be to monitor the application of NCR policies, systems by local management, identify opportunities for operational improvements, present recommendations and provide guidance in their implementation.

You would be both an observer and a counsellor. Travelling would take up to 40% of your time and include visits to the USA. Your staff, comprising some 13 professionals - accountants, EDP specialists, etc. also have degrees and experience in law, operations research and

financial management.

You must possess an appropriate accounting qualification, and your experience will include advanced audit techniques. Equally important will be your wide business experience to include financial and business management, sales, marketing, personnel and production. In presenting your audit findings to top local, regional and corporate management you will require strong oral and written communication skills.

An appropriate salary will be offered - plus a commensurate fringe benefit package - which will be progressively worthwhile to a big thinker who combines vision with practical application.

With a multi-million pound investment in product development the time could not be better for joining NCR. So write in confidence, giving concise history details to:-

H. J. Redington, Personnel Controller, NCR Limited, 206 Marylebone Road, London NW1.

**NCR**

Joseph Sebag & Co.

### SENIOR ANALYSTS

We are seeking two senior analysts to join our U.K. Equity Research Department. They will undertake sector analyses and detailed company studies. They will be able to express themselves concisely and persuasively both on paper and personally to our sales team and to our clients. Their areas of specialisation will be:

### ELECTRICALS/ELECTRONICS ENGINEERING

Candidates should have at least two years' experience of investment/financial analysis gained in stockbroking, fund management, or in the industries concerned. The exact level of remuneration in each case will depend on ability, but these are senior appointments which command a basic salary up to five figures.

Please send detailed curriculum vitae to:

The Research Partner,  
Joseph Sebag & Co.,  
Bucklersbury House,  
3 Queen Victoria Street,  
London, EC4N 8DX.

## INVESTMENT MANAGEMENT

### FUND MANAGER

Due to expansion an opportunity arises in this company for a young but experienced fund manager. He/she will probably be in his/her late twenties, will have a university degree or professional qualification, and will have had several years' experience in the management of sizeable investment funds.

The post will be primarily concerned with the management of institutional funds and it is important that applicants should have a broad general knowledge of the needs of such funds and the appropriate personal qualities necessary for representing the company at a relatively high level. Funds under management at present total about £200m.

Salary will be competitive and there are in addition generous profit sharing arrangements. A non-contributory pension scheme provides a first class package of benefits including substantial life cover, and widow's pension. The company supports a subsidised lunch restaurant.

Applications with full curriculum vitae to:-

Box A.6264, Financial Times,  
10, Cannon Street, EC4P 4BY.

## INVESTMENT ANALYSIS/ MANAGEMENT

Clerical, Medical and General is an established Life and Pensions office of high repute with existing funds of over £400m, and £50m. per annum becoming available for new investment. This continuing expansion requires the recruitment of an addition to the team of Investment professionals located at our London Head Office in the West End.

The successful candidate will be aged under 30 with accountancy qualifications and/or a good class degree in a relevant discipline followed by some industrial or commercial experience.

Previous investment research experience is not essential, as a thorough training will be given, but a positive contribution to the management of the British equity investment (present value over £100m.) will be expected at an early stage.

Attractive progressive salary, non-contributory pension, and, after a qualifying period, subsidised house purchase. Where appropriate, assistance with re-location expenses will be given.

Please write, enclosing curriculum vitae to:-

**CM & G**  
Mr. N. Jones,  
Asst. Secretary (Staff),  
Clerical, Medical &  
General Life Ass. Soc.,  
Narrow Plain,  
Bristol BS2 0JH.

## International Banker

c. £15,000 - £18,000

An International Finance Group with offices in Manila, Hong Kong and Bangkok seeks the services of an experienced international banker aged between 35-45 for relocation to the Far East.

Past service with a Merchant Bank or an International Commercial bank with expertise in structuring, negotiating and syndicating credits is essential. The salary and benefits will be commensurate with experience in the range of £15,000 - £18,000.

In reply please give a comprehensive personal and business history. All replies will be treated in strict confidence, and should be addressed to:

The Advertiser, 46/47 Bloomsbury Square, London WC1A 2HU.

## Corporate Finance

ACA/Solicitor or MBA c. £7,000

Our client, a member of the Accepting Houses Committee, is seeking two additional executives in the Corporate Finance area.

The Bank possesses a total range of banking, finance and investment activities and has a reputation for providing financial assistance and management advice to a wide variety of clients in both industry and commerce.

You will be under 27: preferably but not necessarily a graduate and have some relevant post-qualifying experience.

A remuneration package of around £7,000 is envisaged. Benefits will include subsidised mortgage, non-contributory pension and free life assurance etc.

Please write with full details to Colin Burry, at Overton Shirley and Barry, (Management Consultants), 17 Hollywell Row, London EC2A 4JB. Tel: 01-2478274.

**Overton Shirley and Barry**

## FINANCIAL DIRECTOR

c. £15,000 + car MANCHESTER

One of the leading U.K. air freight companies is launching a new subsidiary to purchase and operate cargo aircraft. To complete the senior executive team, a qualified accountant is required to take full responsibility for the financial and accounting control of the company. In addition, he/she will be also responsible for all commercial aspects of the airline, including supervision of contracts, administration and sales. Consequently, a person without several years in a competitive commercial environment will not have the proven abilities for a position which, in effect, is that of joint chief executive, with prime responsibility for the success of the company.

Personality is as important as technical skills and experience: candidates must have the entrepreneurial flair and flexibility to work closely with the management team of the parent company. This is an exceptional opportunity to join a new venture. Location at Manchester Airport. Salary is negotiable and other benefits are available.

Please apply  
Sir Timothy Hoare  
7, Wine Office Court  
London EC4A 3BY  
01-353 1858

**Career plan**

## CHEMICAL BANK

## INTERNATIONAL LIMITED

### Senior Eurobond Executives London

On 22nd December, 1977 Chemical Bank acquired the whole of the issued share capital of London Multinational Bank Limited, now renamed Chemical Bank International Limited (CBI). Chemical Bank will concentrate its international merchant banking activities in its new subsidiary, which will continue to be active in international loan syndication and international investment banking.

At a senior level, the Investment Banking Department of CBI seeks the following:

- international corporate finance executives experienced in the solicitation, negotiation, structuring and documentation of Eurocurrency public issues and private placements
- a sales orientated executive combining new issue syndication experience with fixed interest investment expertise and a close knowledge of the international investing community
- a top professional to develop and head the bank's securities trading and market making activity.

In each case the exact responsibilities and the remuneration package are negotiable and should attract those already well established in this market.

Applications in confidence to: Peter Karl Schumann, Executive Director, Chemical Bank International Limited, 1 Union Court, Old Broad Street, London EC2N 1EA. Tel: 01-283 6171.

**CHEMICAL BANK INTERNATIONAL LIMITED**

## Financial Director

International Textiles circa £15,000 + car

A privately-owned textile group with a £100-million turnover, specialising in men's outfitting, supplies an international marketplace from manufacturing locations in Europe and the Far East. It is currently expanding its world-wide operations in order to exploit new markets and implement major diversification projects and is seeking a dynamic man or woman for this top appointment.

Located in London and reporting to the Group Chairman and Chief Executive, your key responsibility will be the overall financial control of this wide-ranging operation. While co-ordinating all day-to-day activity, you will play a vital role in determining and implementing major diversification projects.

This challenging financial post will appeal to a qualified accountant who possesses a broad, entrepreneurial view of commerce, beyond that of pure accountancy, and the potential to move into the highest levels of management as the Group's Managing Director designate. First-class experience, preferably gained in an international context, is a prerequisite.

The rewards, designed to attract candidates of the highest quality, include a negotiable salary, share and profit participation schemes and relocation expenses.

REPLIES will be forwarded direct, unopened and in confidence to the client. Unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence and quote the reference on the envelope.

**PA Advertising**

Hyde Park House, 62a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 22874 PA 080707 PA

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## Chief Accountant

c. £8,500

A successful, profitable medium sized public house building, construction and property group offers an unusual opportunity for an able Chief Accountant to make a mark and establish a reputation. Under a new and proven Chief Executive the group is being re-organised to take full advantage of the anticipated upturn in the house building industry.

The challenge is to create accounting systems and an organisation to provide actionable accounts based on budgets prepared with managers. Cash flow forecasting, debtor control, statutory accounts and dealing with auditors will obviously also be part of the job.

In A.C.A. or C.C.A., aged 25-35 with similar experience, preferably but not necessarily in the industry, is sought.

Salary is negotiable around £8,500 with a car, contributory pension scheme and profit related bonus. Success will lead to a directorship. Location — South West London. Please write, in strict confidence, quoting Ref. No. 582/FT and stating experience, age, qualifications and present salary to—

**CB-Linnell Limited**

8 Oxford Street, Nottingham  
MANAGEMENT SELECTION CONSULTANTS  
NOTTINGHAM - LONDON

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A stockbroking analyst is always asking questions.

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Executive Preselectors Limited  
88 Symons Street, London SW1 2TJ  
Tel: 01-230 9450

EXECUTIVE PRESELECTORS

# Operations Director

**BOWATER CONTAINERS LTD.**, a market leader in fibreboard packaging, operates nine large corrugated plants, seven subsidiary plants and a solidboard mill and conversion plant.

One of the three operating Companies of Bowater Packaging Ltd., it enjoys a considerable degree of autonomy in the management of its business activity. The management structure encourages each plant to act independently while responding to intelligent co-ordination in order to optimise the Company's total effort.

The Operations Director has line responsibility to the Managing Director of Bowater Containers Ltd. for the Company's overall business operations and profitability. Each of the major operating units is managed by an Area General Manager who reports directly to the Operations Director.

Line management is supported by a small but strong functional team, which contributes widely to day-to-day decisions and participates fully in all longer term planning.

The location is at Stevenage. There is a need to travel frequently in the UK and occasionally abroad.

We are looking for an all-round business manager with experience in a service industry who is able to act with the authority of the position within a team-oriented management structure. Experience of managing industrial relations in an increasingly consultative environment is essential. Knowledge of the fibreboard industry is desirable but not essential.

The position will be of interest to candidates earning in the region of £12,500. A Company car is provided together with benefits including a contributory pension scheme. Assistance with relocation is also available.

Applications in the strictest confidence should be made to: P. S. Williams, Managing Director, Bowater Containers Ltd., Gunnels Wood Road, Stevenage, Herts SG1 2BH.

**Bowater  
Containers Limited**

## International Tax Planning

Europe, Africa, Middle East

Location: London W1 or Manchester, £neg. + car

For a major division of an International operation servicing a broad range of worldwide markets. The Tax Manager will be responsible for all aspects of UK tax and European tax planning. The division has 32 separate legal entities in ten countries and its multi-million tax expenditure plus its projected business development leave considerable scope for

B.F. Hoggett, Ref: 10144/F\*

Male or female candidates should telephone in confidence for a Personal History Form to: LEEDS: 0532 448661, Mayfield House, 29 East Parade, LS1 5RX.

**Hoggett Bowers**

Executive Selection Consultants

BIRMINGHAM, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## Treasury Manager

Salary £8,000 plus

Our client, a leading marine insurance Partnership with world wide interests, is seeking a qualified accountant male or female, to be based in the London area.

This is a new appointment and whilst the position reports to the Chief Accountant, there will be an opportunity for individual expression. The successful candidate will be capable of making a rapid contribution to the firm's professional expertise.

The post covers a variety of responsibilities but the primary function will be the preparation of Balance Sheets, Income and Expenditure Accounts of various associations. The introduction of a cash budgeting and re-casting system and liaison with Investment Partners and Bank Advisers on investment policy will be a priority later. This is an exciting opportunity for someone possibly with a background in a City institution, to develop personal potential.

Salary is negotiable according to qualifications and experience.

The fringe benefits include a contributory pension scheme, life assurance and P.P.P. membership.

Please write, in confidence, with adequate career details to Peter Lee-Hale, Personnel Services Division of

Spicer and Pepler & Co., Management Consultants, 3 Bevis Marks, London EC3A 7HL.

## Chief Accountant c. £7500 + car

London

Our client, a well-established, expanding London-based manufacturing company, seeks a well-qualified accountant with flair and enthusiasm. Reporting directly to the Board, responsibilities will include preparation of monthly and final accounts, budgeting, forecasting and the further development of accounting systems.

The successful applicant, aged 30-35, will have gained at least three years relevant experience in a manufacturing environment, be able to demonstrate the necessary skills and personal qualities for management and be seeking the opportunity to take up a senior position offering career advancement.

Please contact B. J. Forsey who will treat all enquiries in the strictest confidence.

**Stephens Selection**

35 Dover Street, London W1X 3RA. 01-483 0617

Recruitment Consultants

## COMMERCIAL DIRECTOR

(Book Publishing)

FOXWOOD PUBLISHING LIMITED is an expanding subsidiary of an established, family-owned print and publishing group. The Company, which is London based, publishes Foxclub Children's Activity Books, Foxclub Adult Books and Magazines, and markets Floriprint garden books.

We are now looking for a Commercial Director who will be responsible for the Company's financial and production administration.

If you have relevant management experience are currently earning not less than £6,000 p.a. and looking for a new career opportunity with a young, progressive company we would like to hear from you. The preferred age for this appointment is 28-40. A company car will be provided. Annual profit-sharing bonus. BUPA membership and contributory pension scheme are in existence.

Applications in writing to:

Patrick Howitt Esq.,  
Chairman and Chief Executive,  
Foxwood Publishing Limited,  
27 Chancery Lane,  
LONDON WC2A 1NF

### UNIVERSITY OF MELBOURNE CHAIR OF ECONOMIC HISTORY

This Chair is vacant following the appointment of Professor G. N. Blaikie to the Ernest Scott Chair of History. Applications are invited from scholars in any field of economic history. As present research and teaching in the Department cover aspects of international economic history, Australian history and Latin American economic history, and the history of economic thought.

SALARY: \$A31,248 per annum. Further information, including research and teaching requirements, application form, Staffing, entitlements, details of application procedure, superannuation, travel and removal expenses, housing assistance, and other conditions of appointment, is available from the Registrar or the University or from the Association of Commonwealth Universities (ACU), 30 Grosvenor Gardens, London SW1W 0AA. All correspondence (marked "Confidential") should be addressed to The Registrar, The University of Melbourne, Parkville, Victoria, 3052, Australia. Applications close on 27 April, 1978.

## Accountant Foreign Exchange

Our Client is the London branch of a prominent and expanding European Bank.

The Bank's current requirement is for a thoroughly experienced bank Accountant, ideally aged 27-30, with a strong background in foreign exchange accounting.

This is a most attractive opportunity to develop your accounting skills in an efficient and tightly-knit team.

Contact Tony Tucker in confidence  
on 01-248 3812

**NPA Recruitment Services Ltd**

60 Cheapside, London EC2. Telephone: 01-248 3812/3/4/5

## MANAGER-CREDIT ANALYSIS AND CONTROL INTERNATIONAL TRADING GROUP

### City

Neg. c £8,500 + car and bonus

Our client is an international group with activities in various industrial sectors. The company has recently conducted a comprehensive review of its operational procedures and financial controls and, in the light of this, has decided to create a new appointment. Reporting to the Financial Controller, the successful candidate will develop an understanding of the company's business activities and then devise and implement an effective credit control and analysis function.

The company are looking for an innovator with a creative approach combined with the ability to exercise sound commercial judgement. Candidates, male or female, should have relevant experience in a financial or commercial organisation which will enable them to establish and subsequently manage this function. This will involve contact with senior management both in the U.K. and overseas.

For more detailed information and an application form contact Nigel V. Smith, A.C.A. or Ronald Vaughan, A.C.M.A. quoting reference 2088.

### Commercial/Industrial Division

Douglas Llewellyn Associates Ltd.,  
410 Strand, London WC2R 0NS. Telephone: 01-836 9511.  
121 St. Vincent Street, Glasgow G2 5HW. Telephone: 041-426 3101.  
and in Edinburgh.



## Area Manager, Euro-currency Middle East/Africa

We need an international banker, a man or woman aged 30-40, to head up our Middle East/Africa team in our Euro-currency Department. The major responsibility will be for the implementation of the Bank's strategy in the development of the Euro-currency portfolio with the emphasis on achieving Group targets in the Middle East and Africa. The Area Manager will have considerable independence of action within broad policy guidelines.

Several years' experience in top level Euro-currency negotiation with governments and major international corporations is necessary. A knowledge of Arabic and/or other relevant languages would be very useful and experience in at least parts of the area would also be an advantage.

The appointment is based in London and will entail extensive travel. The compensation package will be based on a salary of not less than £13,000 and will include company car and subsidised house mortgage facilities.

Please send full career details, which will be treated in the strictest confidence, to:

**Grindlay  
Brands**

R. J. E. Barker,  
Group Appointments Manager,  
36 Fenchurch Street,  
London EC3P 3AS.

## ARABIC SPEAKERS

under 30 with a good degree or business school qualification who wish to make a

## CAREER IN BANKING

are invited to contact Myles Walker by phone or in writing at the address given below.

Our client is a major international division of one of the world's largest banks offering initial training in Europe - previous experience is not essential - followed by posting to one or other of the bank's branches in Saudi Arabia or the Gulf.

Generous salaries will be paid during training and, on successful completion of the course, will be increased in line with the going rate for the country concerned. Life Insurance, Pension and Medical Schemes and air fares are included in the package. Housing will be provided at a nominal rent.

## MSMS INTERNATIONAL LIMITED

Executive Recruitment Advisers  
115 Mount Street,  
London W1Y 5HD  
Tel: 01-493 6807

## Assistant Financial Controller International Contracting c. £7,500 + car

A qualified Accountant is required to assist the Divisional Financial Controller of a major international engineering contractor based in South West London.

The appointment carries responsibility for the financial affairs of a group of companies engaged in a range of worldwide operations covering the construction of motorways, bridges and pipelines and other related products.

Key responsibilities will include the monitoring of overseas operations and establishing and maintaining finance for overseas companies and projects. It will also involve assisting in the implementation of divisional finance policy; planning; monitoring performance; preparing management information and general financial management and accounting.

Applicants, men or women, should be aged 30-40 and preferably have practical experience in overseas finance and the construction industry.

Our client offers a salary in the region of £7,500 per annum with company car and an attractive range of benefits.

Write with full personal and career details to Position Number AGA 6168, Austin Knight Ltd., London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested, should be listed in a covering letter to the Position Number Supervisor.

**AK ADVERTISING**

## SECURITIES

City to c. £8000

The merchant banking arm of a major continental bank, long established in the City, intends to expand its securities department by the recruitment of an additional executive. He or she, aged around 30 with a degree or professional qualification, will have a thorough knowledge of the UK stockmarket with possibly some Eurobond experience and will probably have been a research analyst for a major stockbroker, institution or merchant bank. A business flair and initiative is called for and a working knowledge of French is a distinct advantage, as is the ability to work with a small team, within which the executive's major role would be to advise overseas institutional investors about the UK stockmarket. Later this may be expanded to advising UK institutional investors on continental stockmarkets and to Eurobond operations. According to age and experience, salary will be in the range £5250 to £6250.

Please write in confidence to:

**Denis V. E. Howard**

Recruitment and Selection Consultant  
Third Floor, 4 Cromwell Place  
London SW7 2JJ

## CITY DEPOSIT BROKERS

We are looking for people experienced in the London Money or Allied Markets, to join expanding teams on our Inter-Bank and Local Authority Desks.

Please write in confidence to:

**The Staff Partner**

**CITY DEPOSIT BROKERS**

Royal London House  
22 Finsbury Square  
London EC2A 1TJ

or ring C. Bygrave on 01-638 9451

## Deputy Group Secretary

Dawson International is a Scottish based textile group with over £70 million turnover per annum operating in the UK and overseas through about twenty major subsidiaries.

A new appointment has been created within the small central management team. Reporting to the Group Secretary the responsibility is for the complete secretarial function, including all matters relating to personnel, insurances, legal contracts and general administration, working as necessary with the Group's professional advisors.

The successful candidate, likely age around 30, will have a professional qualification and several years experience, preferably in a public group of companies or a top professional firm. Financial experience would be an added benefit. Professional ability must be combined with commercial awareness and good communication skills.

The salary for this appointment will be in the region of £7,000 per annum and a company car will be provided. Other benefits are excellent.

Applicants should write, in the knowledge of strictest confidentiality, with brief relevant details to the Group Secretary, Dawson International Limited, Kinross KY13 7DH, Scotland.

**Dawson International Limited**

## Director of Public Relations

London £15,000-£20,000

A major public food company, with turnover in excess of £750m and interests in numerous consumer and commodity markets, is creating a new post of Director of Public Relations - immediately below main board level and responsible directly to the Chief Executive.

The role is intended to cover all public relations activity from employee communications to financial, consumer, trade and parliamentary aspects. Some facets of the function are currently dealt with by professionals within subsidiaries.

Applications are invited from P.R. professionals with training and experience in the total field, who have the happy combination of personality, literacy and flair needed to develop this role at top level in an ever changing business environment.

Interested applicants should send full career details, in confidence, quoting Ref. No. 4211/FT.

**Charles Barker-Coulthard**  
30, Farringdon Street, London, EC4A 4EA.  
Telephone: 01-236 0526

## PROGRESSIVE MEDIUM-SIZED STOCK BROKERS (Institutional and private client business)

require an Assistant to the Manager

Extensive experience in all departments essential. Excellent prospects for promotion. Reply in strictest confidence to the Senior Partner, Box A4263, Financial Times, 10, Cannon Street, EC4P 4BY.

## Assistant to Group Financial Controller

to £8,500+car

We are briefed by a well-known quoted company - turnover around £15 million - which is developing sales and profits both through internal growth and by acquisition. They produce home improvement products of high quality and have a vigorous approach to marketing.

This appointment is particularly appropriate to the needs of a young, ambitious accountant who is on the

way up and needs one more carefully chosen move before assuming top level individual responsibility.

A qualified accountant is required, aged around 30, who is a competent accounting technician, good at organization and capable of performing under exacting conditions.

Experience in industry or commerce is considered essential.

Applications in confidence quoting ref: 6207, to Eric Smith, Mervyn Hughes Group, 2-3 Cursitor Street, London EC4A 1NE. Telephone: 01-404 5801 (24 hours).

### Mervyn Hughes Group

Management Recruitment Consultants

## Chief Accountant

c.£8,500p.a.

Our client is a large engineering concern, situated in a rural/urban area of the Northern Home Counties, whose business activities have an overseas trading bias.

Due to internal promotion, they are looking for a Chartered Accountant, 30-40 years of age, who is currently acting in a similar capacity and reporting at senior level.

They offer attractive conditions of employment, together with generous relocation allowances, where appropriate.

Applications will be treated in strict confidence but should include full details of career to date. They should be forwarded to R. M. Marshall, Robert Marshall Advertising Limited, 30 Wellington Street, London WC2E 7BD. Please state in a covering note the names of any companies to whom you do not wish your application forwarded.

Robert Marshall Advertising Limited



## Reed Executive

The Specialists in Executive and Management Selection

### Recently Qualified Accountant

London

to £6,500+car

Take a long-established company, previously family run, and a quality product. Add new management charged with modernising and planning for the future whilst maintaining success and profitability. One result is often an early requirement for a young accountant to join in developing all aspects of the accounting function, before taking a specific line management role. This particular situation has arisen with a household name in the food industry and will certainly add significant experience to a track record - the individual appointed reporting directly to the Finance Director.

Telephone 01-836 1707 (24 hr service) quoting Ref: 0532/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to suitable male and female candidates.

London, Birmingham, Manchester, Leeds.

### MANAGEMENT CONSULTANCY ACCOUNTANTS & BUSINESS GRADUATES

£8,000 - £10,000 + car

Touche Ross & Co. Management Consultants, wish to add financially numerate consultants to their London-based team.

The work will be concerned with the resolution of organisational and control problems in the financial, systems and operational areas. Our clients include small- and medium-size multi-national corporations, international lending agencies and the like - a varied client base. Most of the work is in the U.K., but consultants must be prepared to undertake overseas assignments for which generous supplements are paid.

Selection criteria include: a first degree; a professional qualification or business degree; length, quality and range of business experience; salary; progression; and communication and organisational skills. Age is not a criterion.

Please send a comprehensive career summary including salary history, and quoting ref: 8111.

R. W. Green, Touche Ross & Co., Management Consultants, 4 London Wall Bldgs, London, EC2M 5UJ. Tel: 01-888 6644

## MANAGING DIRECTOR

REQUIRED FOR FAST EXPANDING INTERNATIONAL IFO CONTAINER LEASING COMPANY

This position will suit an executive of great ability looking for new challenges. Experience in container leasing and finance desirable.

Based in London but involves foreign travel. Remuneration will be commensurate with the demand of the job.

Essential that fullest details are furnished in the first instance, and all replies will be treated in strictest confidence.

Write Box A.6267, Financial Times, 10, Cannon Street, EC4P 4BY.

### GRADUATE PLANNING ANALYST

FOR MAJOR FOOD GROUP  
£6,000

Full time opening for Graduate with Business Studies degree at the north London H.Q. of an international food group. Working closely with the Financial Planning Manager, responsibilities will include the preparation, development, coordination and consolidation of the company's short, medium and long-term plans and forecasts. Prospects are excellent and all the usual big company benefits apply.

For further details ring or write to:  
ELIZABETH GRAHAM,  
CHALLONER EXECUTIVE  
407 Oxford Street W1.

Challoner Executive  
Recruitment Consultants

The Co-operative Bank is expanding at an unusually fast rate from a well established base. As a member of the London Clearing Banks we have developed a full range of services which have produced exciting results in terms of growth. This has now reached a point where we must strengthen and develop our international business and we are looking to recruit top flight professionals, men or women.

## International Manager

You will accept complete responsibility for activities in the international field, reporting to the Assistant General Manager City and International and liaising where necessary with other senior management in the formulation and development of policy and the expansion of a comprehensive international service.

We see you as a qualified banker fully conversant with all relevant procedures, experienced in international lending and with a sound financial background. It is unlikely that those under 30 will as yet have gained sufficient experience for this post.

## Export Finance Manager

Within the expanding International Department, you will have responsibility for developing the Bank's Fixed Rate Sterling Scheme for Exports, Foreign Currency Buyer Credits, and other forms of ECGD backed business.

The salaries for these senior positions will reflect the responsibility involved and all usual banking benefits apply.

Please write with full details to:  
R. J. Gorvin, Personnel Manager,  
Co-operative Bank Limited, PO Box 101,  
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Applicants should be aged under 30 and although relevant experience will be helpful more importance is attached to personality, intellect and the ability to write good English prose. Starting salary is negotiable according to age and experience and day release for professional studies may be considered in suitable cases.

Please write, stating how you meet the requirements of the post, by Monday, 6th March 1978.

The Assistant Secretary (Establishments),

1 Queen Anne's Gate, London SW1H 9BT, quoting the reference 1A/2 The Financial Times.

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## FINANCIAL TIMES

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## FINANCIAL TIMES

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# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
Telegrams: Finantimo, London PS4. Telex: 886341/2, 886387

Telephone: 01-248 8000

Thursday February 16 1978

## Arms sales to buy time

THE U.S. Administration's announced intention of selling fighter aircraft to Israel, Saudi Arabia and Egypt shows how deeply enmeshed Washington has become in the delicate process of negotiating a Middle East peace settlement. Indeed, the sale, which has still to be cleared by Congress, has as its main aim the support of this diplomatic mediation. The policy has its risks, but there is a logic behind each of the three sales and in the overall strategy which if successful may buy time for continuing negotiations.

### Under strain

It was predictable that if any Arab states were to receive the advanced F-15 then Israel would receive a larger number. This has been a consistent pattern in American arms sales to the Middle East. Israel is naturally upset that countries which are still officially hostile should be receiving offensive weapons from its own closest ally. But the F-15s and the F-16s—even if in smaller numbers than Israel asked for—should be seen to signify that America's commitment to Israel's security continues. The gap between what Israel is to receive and what it requested reflects the fact that the U.S. is still displeased about the Israeli government's reaction to President Sadat's initiative and about its attitude to Jewish settlements.

In giving F-15s to Saudi Arabia, the U.S. has taken into consideration the fact that they will probably end up in Egypt's air force. But against this they must also have reckoned that Saudi Arabia, through its wealth and oil, has become a crucial ally in the Middle East. Riyadh has become increasingly unhappy that in exchange for keeping oil prices stable, providing oil, and tacitly backing Mr. Sadat, it has not yet received adequate compensation in the form of U.S. pressure on Israel. Indeed, Saudi Arabia sees the provision of aircraft as a test of American intentions. If the sale goes through it should have the desired effect of persuading Saudi Arabia to continue its moderating role in Arab politics.

The sale of offensive aircraft to Egypt is breaking new patch.

## Monetarism in practice

IT IS ten years since Lord Armstrong, then the Permanent Secretary to the Treasury, discussed in a public lecture the problems of managing a modern economy. Yesterday the present Permanent Secretary, Sir Douglas Wass, delivered a lecture on the same theme and found it difficult to repeat with confidence his predecessor's conclusion that modern economic policy has clearly been a success. Many major changes have taken place in the intervening years, at both a national and an international level, which have undermined earlier theories, made the task of economic management more difficult, and shaken political assumptions about the extent to which it can achieve together aims which often tend to conflict with one another.

Some of the international changes to which Sir Douglas refers—the growing internationalisation of trade and finance, the collapse of the Bretton Woods system, the emergence of rapid inflation, the payments deficits caused by the rise in oil prices—have helped to bring about the greater emphasis on monetary policy which now prevails. The attitude of the foreign exchange and of other financial markets to changes in the monetary aggregates has to be taken into account when formulating policy, quite apart from the fact that policy changes in other areas may have monetary side-effects. The Treasury model now has a monetary sector, which is apparently to be made public in the near future.

**Stability**

But Sir Douglas, like the Governor of the Bank, is clearly a practical rather than a whole-hearted monetarist. The Governor argued last week that whether or not monetary policy should be classified as an instrument of demand management, its services were likely to be pre-empted for the time being by the need to use it in the struggle against inflation. Sir Douglas argued yesterday that tary targets (as practised by the Federal Reserve) would, for effects were produced by the moment at least, be too monetary action or by what frequent.



Bishop Muzorewa, the Rev. Sithole and Chief Chirau, the three African negotiators in Rhodesia, and on the right the two leaders of the Patriotic Front: Dr. Robert Mugabe and Mr. Nkomo.

## Stony paths in Salisbury

BY BRIDGET BLOOM, Africa Correspondent

**I**F YOU BELIEVE that writing was very much on the ground—but for good reasons. On the military level, Egypt, since its virtual break with the Soviet Union, has watched its armed forces deteriorate through lack of spare parts, ageing equipment and the inevitable reduction in training. Mr. Carter will be hoping that Congress will be persuaded that F-5s would raise Egyptian military morale but not upset Israel's undeniable military superiority over the Arabs. Above all, the main reasoning is that Mr. Sadat had to be encouraged to persist with his negotiations.

It goes without saying that the sale of aircraft on this scale will in the end make the Middle East a more dangerous place and increase the chances of war if peace negotiations fail. But there are several factors to be considered against this. The first is that Saudi Arabia will not receive its fighters for at least two years. Secondly, if Egypt receives its aircraft sooner it will only marginally close the gap with the Israeli air force. Thirdly, Israel's military supremacy over the Arabs has increased since the 1973 war. Fourthly, Egypt is in no state to fight even a defensive war of any duration unless other sectors of its armed forces are refurbished. Israel's Arab neighbours cannot fight a war unless Egypt joins in.

### Concessions

The unpredictable aspect of these arms sales is Israel's reaction. Yesterday Mr. Begin was asking Mr. Carter to reconsider the Arab part of the deal. He sees this move as another step towards the U.S. bringing pressure on Israel to make concessions to Mr. Sadat. If Israel reacts in character, there is a risk that the opposite will occur and Mr. Begin will dig his heels in and resist. Israel's sensitivity about any decisions affecting its security is understandable. But a stubborn reaction would be unwarrented over the aircraft deal, mainly for the reason that it would jeopardise the most important initiative to solve the Middle East conflict for many years. If the tactic of selling aircraft to Saudi Arabia and Egypt is successful, it will have the welcome effect of gaining time for the U.S. to ease negotiations through a difficult patch.

The immediate effect of the settlement talks between Mr. Smith and three Rhodesian black leaders, which have been controversial for black and white Rhodesians alike, began in early December. Their course has been stormy: Bishop Abel Muzorewa, leader of the United African National Council, refused to attend the first session on December 3 in protest against Rhodesian army raids on Rhodesian nationalist bases in Mozambique in November. And for the last two weeks, he has held up the talks by his apparent determination to seek much tougher terms than his two black colleagues.

The fine print of the agreement has yet to be disclosed and the many problems which will confront the multi-racial transitional government whose formation within a few days was promised in yesterday's announcement, have yet to be faced. But the reasons why the agreement has now been concluded are not hard to find.

For all the participants the talks represent in many ways a last chance. For Mr. Smith, it is probably the very last opportunity of getting what he hopes will be meaningful guarantees for the whites under a black government. For the black leaders, it is probably the last chance they will have of gaining political power. This is so principally because of the guerrilla war on Rhodesia's borders, being waged by the Patriotic Front, which has taken no part in, and has roundly derided the Salisbury negotiations.

The pressures on Mr. Smith and his white government are perhaps most readily understood. While it has been obvious for years that a white government representing only some 280,000 people, against a total black population of over 8m., could not hold out for ever against nationalist demands for majority rule, the pressure on both the political and economic fronts has become really acute only in the last 18 months. The three and certainly the

believed to have the widest assassinate Ian Smith—a considerable irony in view of his most important of these is been training a large army black support (though this has never been tested) came to prominence in Rhodesian national politics only in 1971, when he led the African opposition to the terms negotiated with Mr. Smith by the then Foreign Secretary, Sir Alec Douglas Home, which resulted in the Resounding No' delivered to the Pearce Commission. Bishop Muzorewa, consecrated a Bishop of the United Methodist Church of Rhodesia in 1968, has many black supporters, and now in the Patriotic Front with Mr. Nkomo—who controls the Zanu guerrillas. Though Sithole would probably still claim armed followers (he had to renounce "terrorism" on his return to Rhodesia last July) observers believe he has little influence with them.

Finally, for Senator Chief Chirau, the third black signatory, yesterday's agreement represents in a real sense both a first and a last chance. Chief Chirau's party, the Zimbabwe United People's Organisation or ZUPO, was formed less than two years ago, if not with the money then certainly with the goodwill of Mr. Smith's Government as a make-weight to the other more genuine nationalist parties. Chief Chirau is a traditional chief, but chieftainship in Rhodesia has become debased over the years in being used as an arm of the white administration.

But if these four very disparate men and their followers have compelling reasons for sticking together, what chance do they have of making their agreement in principle work in practice? Even more important, what chance do they have of getting international recognition for the completed settlement which they hope to present to the world?

### Provide aid

The primary aim of a settlement for Mr. Smith and for anyone who will follow him is to stop the war, lift sanctions and thus allow Rhodesia to develop in peace and stability. This can best—perhaps only—be achieved if the international community were to decide to recognise the settlement and not only lift sanctions but provide aid and other help to the new country.

The precise nature of the agreement will be critical to any hopes of recognition and from yesterday's announcement, broad though it was, it is clear that many of the terms of a handover to black rule still stand.

Bishop Muzorewa. Above will thus be meaningful.

## MEN AND MATTERS

### Dancing and hot coals

John Samuels, chairman of the Board of the New York City Ballet, is in London this week to arrange a three-week visit to Covent Garden in September next year. But events at home are forcing him to return more quickly than he wished. The U.S. coal strike, now more than ten weeks old, has taken a turn for the worse and the 44-year-old Samuels—known to some as Young King Coal—owns one of the biggest private companies in the industry.

"I should not be surprised to see the strike last until the end of March," he says, when asked about the appeal this week from the White House for an early solution. Samuels dismisses any possibility of invoking the Taft-Hartley Act, which would force the strikers back to work for an 80-day cooling-off period. "That is just not possible with a Democratic president," he told me. Samuels is distinctly on the liberal wing among the U.S. coal bosses, notwithstanding the relentless speed with which he has built up personal fortune estimated at anywhere between \$100m. and \$400m.

Samuels sees the present strike as a manifestation of 50 years of problems in U.S. coal. "The industry has been the private toy of too many narrow interests—you cannot behave to-day as though it were 1937." He takes a coolly objective view, having grown up in Galveston, Texas, the son of a postmaster: after Harvard Law School, he moved into coal broking from a Wall Street law firm, then bought his first Appalachian coalmining as recently as 1973.

Samuels brushes aside the startled. "Most American industrialists think the arts are rather effeminate." But such interests were paid to build to stop them becoming disaffected. That was in the early 19th century and the cost was met on stocks are still quite

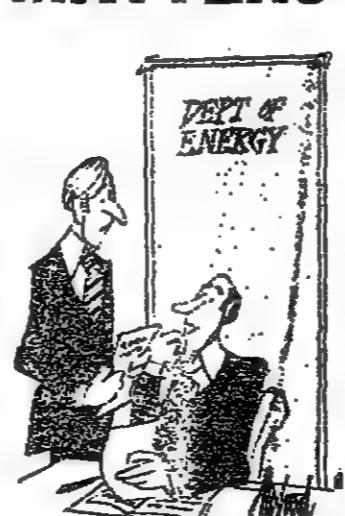
he has a son of 17 studying at RADA. Apart from negotiating with Covent Garden and sundry European coal customers this week Samuels has been finding a flat for his son. Until now John Junior has been living in the August Connaught Hotel, Mayfair. "I thought he might not come across many other students in the Connaught," explained Samuels gravely.

### Like a rocket

The news that a Tyneside company will receive a \$40,000 grant from the Manpower Services Commission to train unemployed teenagers to make replicas of old steam engines may start a vogue. Interest in the concept has sprung up all over the country. "We have found a unique product—yesterday," says one of the directors, John Wilson. He envisages teams of trained youths touring Britain to make or mend Victorian machinery for museums (or even for companies still relying upon venerable equipment).

Wilson, a senior lecturer in industrial relations at Sunderland Polytechnic, even has schemes for selling miniature steam railways to Texas millionaires. But the first task is to select 18 trainees out of the hundreds of jobless teenagers expected to apply for places when the scheme starts in April.

Predictably enough, there has been grumpiness in some quarters that taxpayers' money is being paid out under the Holland proposals to reduce unemployment, for something as recherche as making copies of Stephenson's Rocket. But this seems a novel frivolity, just look across from Sunderland to a place called Ilton Moor. It has a completely artificial miniature Stonehenge, which the local jobless were paid to build to stop them becoming disaffected. That was in the early 19th century and the cost was met on



"I remember it distinctly—it was the day we had our North Sea Oil Bonanza."

the local squire. Only a short walk away is Swindon Hall, now used as a training centre for young executives from industry. Who knows—the Manpower Services Commission may soon be sponsoring a few druids' temples.

### Teasing strip

Asterix was fun enough, but he has spawned some awful followers, not least a turgid strip cartoon "Le songe d'Attalibé." This is the latest pre-election offering in the propaganda war against the French Left. The Racine play bears little resemblance to the nightmarish visions crudely attributed to Mitterrand's financial luminary, Jacques Attalibé. Produced for a curious organisation called L'Association pour la Démocratie, this starts off by showing Mitterrand with a rose and Marchais with a hammer and sickle, chasing after a banker fleeing with his funds to Switzerland. Realistic enough, you might say, but the cartoon then descends to the schoolboy level, with the unruly partners on the French Left treading on each other's toes, blocking the streets and doubling the bureaucracy.

It is not much fun to read but the Association told me when I called there yesterday that they had no less than 500,000 copies printed. They do not know how many they have sold. They will not print more, but rely upon a few more lectures of the sort which Prince Poniatowski gave here two weeks ago. Who finances them? Should we believe what we read in Le Monde and Canard Enchaîné about the Association being funded by the Giscardians? "No. That was all idiotic and not even worth denying," I was told.



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## ECONOMIC VIEWPOINT

## The political economy of the dollar

MOVING of the dollar give evidence. Other finance ministers have at various times tried to talk their currencies up or down, but the effect has often been the opposite of what they intended.

— Policies are to be judged by what the policymakers do rather than what they say (which, for example, is why the floating of the pound in October has been greeted in the markets as conclusive evidence that monetary policy was in line with official objectives).

In the same period there has been a great deal of talk of the bitter dispute over policy between the two major surplus countries, and Japan. American have made it clear that some connection between the political arguments in the exchange

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## Experience

The relationship between monetary policy and exchange rates is probably more widely appreciated in this country than elsewhere, because of our experience of a pound which remained strong until the spring of 1975 in spite of an appalling trade deficit and accelerating inflation, collapsed after the growth of money and domestic credit accelerated thereafter, and recovered after the ferocious squeeze of November 1976. The balance-of-payments deficit that should be noted, was much less after the collapse than it had been for 15 months before it, which undermines the idea that the current account can on its own explain the exchange rate. Nevertheless, the fact that the recovery of sterling has coincided with a much improved open market interventions.

balance has left the role played by monetary policy in doubt. What must be remembered, however, is that through 1975 and the first half of 1976, a decline in the exchange rate to preserve British competitiveness was official policy; the fact that monetary policy allowed a large outflow across the exchanges to be financed therefore suggests that monetary policy was in line with official objectives.

In the chart, I have tried to display what U.S. monetary performance can suggest about official policy. The measure adopted is a slightly unusual one. It measures the extent to which lending by the U.S. banks has exceeded domestic credit demand, as measured by the growth of the broadly-defined money supply. While there are large quarter-to-quarter and month-to-month swings, the pattern is clear. Credit expansion was roughly in line with domestic needs in 1975. In 1976 enough excess credit was created to finance some outflow (at a time when the current balance was still healthy), but in the current year excess credit creation was very large. The U.S. banks finance an outflow of \$22bn. in the first nine months of the year alone, and the monthly rate almost certainly rose very sharply in October.

As it happens, this figure also provides a measure of net intervention in the currency markets by foreign central banks—that is, that part of their dollar purchases which was locked up in new U.S. Government securities, and not fed back directly into the U.S. money supply either by foreign purchases week, when domestic U.S. monetary growth peaked. At the same week, when the U.S. has achieved its credit control, the policy of a lower exchange rate:

Of course it is true that a flows which dealers have experienced a demand for borrowing. Of course, the actions (or so it is still possible to argue provoked counter-actions by that the chart represents the other central banks: total curtailment of the dollar's weakness. How have been substantially more even, if the Fed has been trying than the net effect measured be becoming known as "the in-

markets naturally regard any Japan had taken U.S. fiscal action as having produced completely perverse results in Japan. Wages which contain a large element of profit-sharing have responded almost instantly to reduced export earnings, so that there has been little change in real incomes, but investment has been depressed. Competitiveness has been preserved, and the Government relies more than ever on exports to keep the economy afloat.

If the rewards of financial warfare have been a little questionable overseas, the cost at home in the U.S. is also becoming apparent. Apart from possible banking strains, Wall Street is becoming increasingly concerned with the inflationary implications of a falling exchange rate, and with its impact on security market values.

In the short term, this is something of a triumph for U.S. objectives: reduced German and British surpluses take the strain of other countries, and U.S. officials would argue that if the Germans prefer to make this adjustment with a slow rather than accelerated growth rate, that is their domestic concern. They are no longer pushing their trading partners into debt.

In the longer run, however, this policy may not look so attractive. The expansion of U.S. bank lending is already beginning to worry some bank analysts: and at the other end of the process, the Germans and the British are beginning to feel inhibited about fiscal expansion—partly because of the scale of the present rise in real consumer incomes, and in the U.K. because of the possible balance of payments constraint. The net result for the world economy is arguably depressive rather than expansive.

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Anthony Harris

## Letters to the Editor

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# COMPANY NEWS + COMMENT

## Bath & Portland up £1.6m. to peak £4.85m.

PRE-TAX PROFITS of building and civil engineers group Bath and Portland rose by almost 50 per cent. from £1.25m. to a record £4.85m. for the year to October 31, 1977, on turnover ahead by 18 per cent. from £26.65m. to £28.65m. At halfway, with profit up by 10 per cent. to £1.88m., the directors looked the remainder of the year with confidence.

Profits for the year from overseas operations in Iraq, Iran, Australia and Nigeria were the source of the increased group profits while in the mineral and engineering division partly offset the lower level of return from building and civil engineering, and from agriculture, the directors said.

Greater stability in the cost of labour, and the prospect that U.K. building activities will be encouraged during the current year, give them hope that the higher level of profits can be maintained and later enhanced by a reduction in chemical production costs and by the introduction of new plant and machinery, they added.

A divisional analysis of sales and pre-tax profits shows: minerals £12.49m. (£10.82m.) and £1.63m. (£0.94m.); building and civil engineering £23.67m. (£23.65m.) and £2.04m. (£1.17m.); agricultural £1.25m. (£1.243m.) and £0.21m. (£0.57m.); engineering £9.21m. (£7.68m.) and £1.02m. (£0.57m.) and chemicals £0.9m. (£0.70m.) and £0.24m. loss (£0.26m. loss). Interest takes £0.85m. (£0.93m.). Interest relating to overseas contracts has been charged in arriving at the profits of the building and civil engineering division.

Before a tax charge of £2.28m. against a low 20.66m. stated earnings are £1.89m. (22.77p) per 25p share and are shown to be down to 17.5p (17.7p), after tax. The dividend is stepped up to £2.88p (2.88p) with a 1.785p net final.

There was no profit this time on disposal of leasehold property and with £0.49m. in profit, the surplus on the Debenture redemption was down from £71.543 to £3.823. The group's balance sheet shows total net assets at £22.83m. (£19.48m.) or 1113p (88p) per share.

**• comment**  
Bath and Portland's growing overseas earnings are now being registered in the group's tax charge. Overseas tax jumped from £90.720 to £124m. reflecting the influence of the jumbo Iran road building contract now valued at £30m., which chipped in profits in excess of £1m. In total overseas work contributed some £2m. to the £25m. profit from building and civil engineering. However, the heavy Iranian commitment is still causing financial strain. Interest charges have climbed from £1.93m. to £2.63m., representing over a quarter of the trading profit.

But while net borrowings have only risen a tenth to £8.3m. it is to £1.63m. producing in a full

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Assoc. Fisheries	22	5	Regional Props.	22	2
Bath & Portland	22	1	Reliance Knitwear	23	3
Bank Bridge	22	6	Senior Eng's.	23	1
Set Bros.	25	4	Solar Launch	22	5
Birmin Quaest	23	1	Stewart Plastics	23	6
Blair (George)	22	7	Town & City	22	5
Chieftain Trust	22	7	Union Discount	22	5
CompAir	23	4	Utd. Real Property	23	5
Dalgety	23	6	Westland Aircraft	22	8
Foreign & Colonial	23	3	White, Child & Beney	23	1
Greenall Whitley	22	6	White (Thos.)	22	8
James (John) Group	22	4	Yeoman Inv. Tst.	23	8

for building depreciation will in a full year be increased by £25,000.

The directors report that in the first few weeks of 1978 it is evident that the difficult conditions of last year have not so far affected the market, when the economy will rapidly generate increased traffic and subsidiary companies are in a favourable position to take full advantage of such an upturn, they add.

## John James rises 14% midterm

ANNOUNCING A continued steady improvement in pre-tax profits by some 14 per cent. from £55.164 to £61.044 for the six months to September 30, 1977, the directors of John James (Group of Companies) say they anticipate that this rate of progress will be maintained throughout the remainder of the year.

For the whole of the period half-yearly profits are expected to be £10.97m. compared with £10.97m. for the first half and £11.03m. for all of last year.

Half year 1977 £10.97m.

Gross property income £4.98m. -17.98%

Other income £2.18m. 1.3%

Interest payable £1.19m. 18.6%

Loss before tax £10.97m. 18.52%

Tax relief £1.07m. 16.7%

To minorities £0.19m. 11.9%

Reduced capital losses £1.89m. 12.4%

From cap. reserve £2.36m. 15.1%

From cap. retained £1.364. 7.52%

\* From minorities £1 in respect of development projects on which development costs have been written off.

Realised capital profits less losses and capital charges (after tax) comprise the excess of cost of assets over book value of net tangible assets of subsidiaries written off in respect of sales amounting to £2.7m. less net capital profits of £2.62m. and a reduction in the net proceeds over original cost of £2.62m. amounting to £1.5m. gains tax amounting to £86,000.

The surplus on sale of properties has no regard to valuation surpluses in previous years amounting to £8.42m. which were included in capital reserve and have been written off.

Tax relief is limited by reference to the amount of offsettable chargeable capital gains. Significant losses remain available to be carried forward against future revenue profits.

No dividend is recommended for the period. Last year there was a nominal final dividend of 60p net per 100p share.

Since the preliminary announcement last August a further

statement is to be made.

**• comment**

Given that John James' last annual accounts showed that four-fifths of the group's quoted shareholders were pension fund managers the level of investment income is likely to be little changed from a year ago. So a 14 per cent. pre-tax profits increase has been largely generated by its industrial division. This has been assisted by a first-time contribution from Mervile Bros. (domestic and medical) while production while other major production (Iran founders) is undergoing re-equipment, programming and profit-making.

Stated half-year earnings are up from 1.76p to 2.09p per 25p share and the interim dividend is lifted from 10p to 12.5p.

For the year to September 30, 1977, pre-tax profits were increased from £189,058 to £184,456 after £90,000 of a final forecast—last year's final was 1.4025p.

Tax taken for the period taken £411.375 (2382.309) and minority interests £8.641 (53.981) to leave attributable profit ahead from £496,564 to £500,389.

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No dividend is





## JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

UNAUDITED RESULTS FOR THE COMPANY AND ITS SUBSIDIARIES FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1977

Notes	6 months ended 31st Dec.		6 months ended 31st Dec.		Year ended 30th June
	1977	1976	1977	1976	
Dividend income	1.7	1.2	2.5	2.5	
Net trading profits	10.2	11.9	26.5	21.5	
Fees and other revenue less administration expenses	13.1	14.2	21.5	21.5	
Net profit on sale of property	1.7	1.2	2.5	2.5	
Profit on realisation of investments	4.2	0.6	2.8	2.8	
Deduct:					
Exploration expenditure less recoupments	1.5	2.4	3.5	3.5	
Interest paid less received	3.5	3.3	5.1	5.1	
Depreciation (including amortisation of mining assets)	1.8	1.3	3.5	3.5	
Provision for currency losses arising from foreign loans	0.6	0.6	1.2	1.2	
Deduct: Trading loss of former subsidiary	22.6	20.6	48.0	6.2	
Income before taxation	22.6	20.6	41.8	41.8	
Deduct: Taxation	4.3	4.5	9.3	9.3	
Income after taxation	18.3	16.1	32.5	32.5	
Deduct:	2.5	3.1	5.5	5.5	
Outside shareholders' portion of income	2.1	2.7	4.7	4.7	
Dividends accrued on fixed and variable rate redeemable cumulative preference shares	0.4	—	—	—	
Dividends on 8.25% cumulative redeemable preference shares	—	0.4	0.8	0.8	
Income attributable to ordinary shareholders before extraordinary item	15.8	13.0	27.0	27.0	
Deduct: Extraordinary item—provision against investment in former subsidiary	—	—	12.0	12.0	
Dividends to ordinary shareholders	2	2.8	12.0	12.0	
Net asset value per share (based on market valuation and directors' valuations in respect of unquoted investments)	5	—	—	—	
Number of ordinary shares in issue	7,105,600	7,105,600	7,105,600	7,105,600	

NOTES:

- (1) No provision for potential losses on future realisations of investments or loans is included in the interim income statement. Such provisions are made at the end of the financial year in the light of circumstances then existing. The profit of R2.8m for the year ended 30th June, 1977 was after providing R1.5m for potential future losses.
- (2) An interim dividend of 40 cents per share (January 1977—40 cents) was declared on 18th December and paid on 10th February, 1978.
- (3) The Otihiase Mining Company (Pty) Limited ceased to be a subsidiary during the year to 30th June, 1977. No income or expenditure relating to Otihiase has therefore been included in the above statement for the six months ended 31st December, 1977, and the comparative figures for the six months to 31st December, 1976 have been adjusted accordingly.
- Otihiase was placed on a care and maintenance basis with effect from 1st January of this year. Johnnies' net investment in this company by way of equity and loans, after the provisions made in the accounts for the financial year ended 30th June, 1977, is R17m. In addition, your Company's guarantees in respect of bank loans to Otihiase amount to R18.9m.
- (4) As a consequence of the weak nickel market the Shangani Mining Corporation Limited has been unable to sell all of its output, and production at its mine was reduced to 50% of capacity as from 1st November, 1977. Further cut-backs may eventually become necessary due to the uncertain economic and political situation in Rhodesia.
- (5) It is probable that a further substantial extraordinary provision will be made in the accounts to 30th June, 1978 against Johnnies' investments in Otihiase and Shangani. Because of the uncertainties surrounding the value of these investments under current conditions, they have been excluded from the computation of the net asset value per share at 31st December, 1977.
- (6) It should not be assumed that the results for the first six months of the financial year will be repeated in the remaining six months of the year for the reasons that—
  - (a) Income from investments does not accrue evenly throughout the year;
  - (b) the realisation of investments fluctuates in accordance with policy decisions and market conditions.

On behalf of the Board,  
Albert Robinson  
F. J. L. Wells  
Directors

Head Office and Registered Office,  
Consolidated Building,  
Corner Fox and Harrison Streets,  
Johannesburg 2001.  
(P.O. Box 590, Johannesburg 2000.)

15th February, 1978.

## Union Discount's profits and assets reach new record levels in an active year

### Results

Profits for the first half of 1977 were the best in the Company's history for any comparable period and although results for the second half of the year were not as good as for the first, the profit for the year as a whole of £6,114,183 has been a record.

1977 has been an exceptional year for the money markets. The conditions attached to the I.M.F. loan, as much as the loan itself, helped the return of confidence, heralding a greater degree of financial discipline in the management of the country's affairs. Against the background of rapidly falling interest rates, massive sales of Government securities and strong demand for sterling, the Company was particularly active in the management of the portfolio and turnover was at an exceptionally high level.

All assets contributed to the achievement of the record profits but our trading in Government securities was especially rewarding. In 1976 we had to manage our portfolio in conditions of sharply rising interest rates—in 1977 in conditions of sharply falling interest rates. It may be that 1978 will bring the more stable conditions that the Authorities are

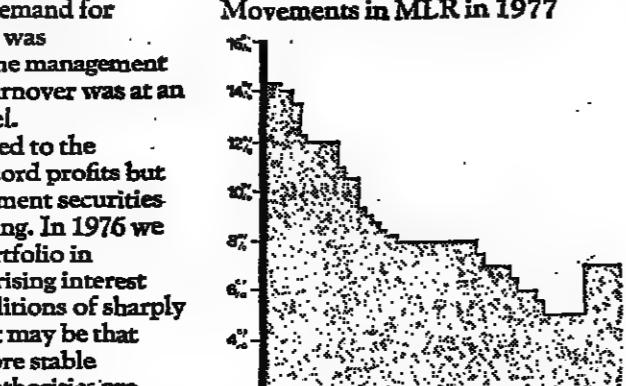
seeking and in which there can be some real growth in the country's economy.

The Company's Balance Sheet stands at a total of £968m, compared with £629m a year ago and is the highest figure in the Company's history.

### Business Development

The number of banks in the City of London continues to grow and we aim to ensure that our business with these banks should also grow. At the same time, we have continued to develop our connections outside the banking community. Successful marketing by our business development team in London and by the staff in Edinburgh

### Movements in MLR in 1977



has again led to an increase in the number of our customers throughout the United Kingdom.

### Dividend

The Board is recommending a final dividend of 12.583p, which, with the interim dividend of 8.5p paid in September, 1977, amounts to a total distribution for the year of 21.083p (1976: 18.876p), this being the maximum permitted under current legislation.

### Scrip Issue

The Board is conscious of the continuing need to maintain the Capital and Reserve in line with the general level of the Company's business and has felt it appropriate to increase the published reserve by £5m. Also, it is proposed to capitalise £2.5m of this reserve by the issue of a £1 fully paid share in respect of every £3 of stock held.

### Udisco Brokers Limited

Trading during 1977 has again resulted in a substantial increase in brokerage earned. However, rising costs have tended to absorb any advantage.

A. J. O. Ritchie, Chairman



## The Union Discount Company of London Ltd.

London: 78/80 Cornhill, London EC3V 3NH. Tel: 01-626 7541

Edinburgh: 24a Melville Street, Edinburgh EH3 7NS. Tel: 031-226 3535

## BIDS AND DEALS

## Large holding in Suter changes hands

Mr. Jeffrey Pike, former managing director of Tremlets, and Mr. David Abel, managing director of British Leyland's special products division, have together picked up a 28 per cent. stake in Suter (UK) Ltd., a manufacturer of mining assets.

Mr. Pike resigned abruptly in 1976 in disagreement with Samuel Montagu, the company's financial advisers, concerning an out of court settlement of a damage claim involving Tower.

The stake formed the bulk of

Mr. Pike's stake in Suter, which is owned by a group of shareholders, and conditions for entry into this field at present are very favourable.

It is expected that Rivington, another purchase in the sector, will contribute to group profits in the current year but no contribution is expected from Barwick or Newbridge. The company has made arrangements for the provision of a £5m medium-term loan which will be secured by fixed and floating charges on the assets of the group.

### CHARTERHOUSE BACKING

Charterhouse Development Capital has acquired a 10 per cent. equity interest in McSkelton (Plastics) Ltd., to provide a financial facility available to the company. The total funds involved amount to £300,000.

The remaining 8 per cent. has been acquired by stockbrokers Walter Walker who arranged the placing with the full knowledge of Suter's Board, been acquired by unconnected third parties.

Since the move means that Overdev no longer has any stake in Suter it is represented by the Board of Directors, formerly a member of Mr. Bernard Cornfield's IOS group.

The remaining 8 per cent. has been acquired by stockbrokers Walter Walker who arranged the placing with the full knowledge of Suter's Board, been acquired by unconnected third parties.

The 28 per cent. stake bought by Mr. Pike and Mr. Abel for £150 per share is just short of the 30 per cent. which would trigger off a compulsory bid for the rest of Suter's capital.

Less than a year ago the two men acquired a similar stake in Hirst and Mallinson, the Yorkshire-based engineering and contracting group through their private company, Wiggins Head. In March they met the Board of Hirst and proposed that the company should become a vehicle which would purchase companies introduced by Mr. Pike. These companies should be developed and then sold on a capital profit.

Hirst rejected the offer. After further discussions with Hirst's Board, which still refused to consider Mr. Pike's proposition, Wiggins Head finally sold its stake last November.

Mr. Jeffrey Pike was formerly managing director of Tremlets Holdings, the engineering and furniture company, which was taken over last year by a Danish group, Vokswerke. During the period of his control, the company expanded dramatically.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## FRENCH NEWS

## Rhône-Poulenc expects break-even

BY GEORGE MILLING-STANLEY

RHÔNE-POULENC S.A. the per cent. stake in Ives Laboratories in the U.S. Without these world's ninth largest chemical company, expects net consolidated results for 1977 to be roughly in balance. M. Jean M. Gaudiosi, chief executive, said in Paris yesterday: "The group's net consolidated losses of Frs.364m. in 1976 and Frs.879m. in 1975.

The 1977 result, struck after tax of some Frs.100m., includes a depreciation allowance of Frs.1.25bn., following the restructuring of the loss-making textiles division, and capital gains on the sale for \$60m. of Rhône's 30

per cent. stake in Ives Laboratories in the U.S. Without these extraordinary gains, the net results would have been a deficit, although smaller than in 1976.

M. Gaudiosi said that gross operating profit last year was some Frs.2.55bn., against Frs.2.31bn., which falls to a net Frs.1.25bn., against Frs.1.06bn.

Rhône is expecting to increase its holding to 10.5 per cent. Rhône is expecting to increase its stake further to 20.5 per cent.

Welcoming the co-operative

agreement in pharmaceuticals

with Morton-Norwich Products of the sale for \$60m. of Rhône's 30

per cent. stake in Ives Laboratories in the U.S. Without these extraordinary gains, the net results would have been a deficit, although smaller than in 1976.

Under the terms of the agreement, Rhône will acquire \$60m. of Morton shares at \$31 per share by the end of 1980, and Frs.30m. in various other

modernisation projects.

In general, M. Gaudiosi said that for 1978 the group intends to cut back on loss-making activities such as the textiles side of its activities, and to consolidate on its strong-points in chemicals and the development of products with high added value.

Total debt at the year end was some Frs.12.2bn., with a little over 50 per cent. of this figure in the form of medium and long term loans. Some Frs.600m. new debt was contracted last year. M. Gaudiosi pointed out that the overall debt was a great burden, corresponding to 33 per cent. of group turnover.

M. Gaudiosi said that after tax

earnings for the year had been reduced by \$2.5m. or 1 cent. a share by the implementation of last in, first out, stock

valuation accounting.

Of Textron's five industry groups only aerospace had failed to increase its earnings last year, reported Mr. Miller.

This group includes the company's Bell Helicopter division whose payment of \$2.8m. in

commission to an Iranian sales agency is currently being investigated by the Senate

Banking Committee and is

delaying confirmation of Mr.

Miller's appointment to suc-

cess Dr. Arthur Burns.

In principle the government

should give a favourable reception

to the report. Last year it

tried to encourage new share

issues by permitting companies

to deduct from their general

charges the dividends paid on

the new shares. However, the

political uncertainty and

depressed level of share prices

ruled out most financial initia-

tives from 80 to 100 per cent.

per cent. and an unchanged 20

per cent. from sales by foreign

subsidiaries.

The chemical division contri-

buted 41.5 per cent. of turnover

against 42 per cent. the medical

and plant care division 23 per

cent. (31.5 per cent.), textiles

18.5 per cent. (20.5 per cent.),

films an unchanged 5 per cent.

and the Brazilian division an

unchanged 11 per cent.

See Lex back page

## Tax move to boost investment

BY DAVID CURRY

EXTENSIVE TAX concessions for people investing in new share issues are recommended in a report commissioned by the Prime Minister. M. Raymond Barre is to study how savings could be directed towards industry.

The report has been drawn up by M. Paul Delouvrier, the chairman of the State-owned utility, Electricité de France. M. Alain Chevallier, the deputy chairman of Matériel-Hennessy, and M. Gilbert Mourre, general secretary of the stock exchange watch-dog commission, the COB.

It recommends notably that for the five years 1978-83 individuals will have the right to deduct from their taxable revenue sums invested in capital

increases in French companies quoted on the stock exchange. The limit would be 15 per cent. of taxable revenue in most cases, and 5 per cent. for large incomes.

The object is to offer conces-

sions attractive enough to tempt

raiser substantial sums itself and

capital into the depressed stock not wanting to compromise the exchange. The measures would help to offset the imbalance existing at the moment between the tax concessions applicable to revenue from fixed interest bonds and that applying to equity income.

The Bourse has suffered badly from a combination of economic depression and political uncertainty, with a result that the equity market has almost entirely dried up. Last year (12.2bn.) raised on the Bourse some Frs.51.4bn. was in the form of fixed interest issues and less than Frs.10bn. in equity. Of this, four-fifths was subscribed without appeal to the general public.

The Bourse has for some time been trying to persuade the government to step up tax concessions on equity revenue notably by pushing the tax bonus (the return of tax deducted at source) from 80 to 100 per cent.

The object is to offer conces-

sions attractive enough to tempt

raiser substantial sums itself and

## Forecasts from Norsk Hydro

BY FAY GJESTER

NORSK HYDRO. Norway's largest industrial concern, reports a rise in turnover in the half year to December 31 due largely to the start of Ekoisk and Frize fields in the North Sea and the petro-chemical complex at Røstafjord/Bamble. Pre-tax profit therefore showed only a modest improvement at Kr.127m. (Fr.23.8m.) compared with Kr.117m. a year earlier.

The Board comments that the half-year proved better than expected last autumn but predicts that pre-tax profit for 1977-78 as per Fr.10bn. to Fr.33.6m., despite last year's market conditions for the concern's main products

most of this rise was absorbed by a steep increase in financial costs in connection with activities in the North Sea and the petro-chemical complex at Røstafjord/Bamble.

Pre-tax profit therefore

showed only a modest improvement at Kr.127m. (Fr.23.8m.)

compared with Kr.117m. a year earlier.

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## EUROBONDS

## Massey-Ferguson leads sector decline

BY MARY CAMPBELL

MOST SECTORS of the market were quiet yesterday. The main feature of the dollar sector was the sharp fall in the price of Massey-Ferguson bonds following Tuesday's announcement that the dividend on the Preference as well as the Ordinary stock would be passed.

All issues were marked about 2-3 points down. The issue which is most actively traded—the 8 per cent. bonds due 1981—closed the day at 88 or 89 bid. The 9 per cent. of 1982 were quoted around 100-101 and the 9 per cent. issue due 1983 at about 100-102.

Dealers thought, however, that the volume of trading was not large, even in the 1981 issue. The price cuts were reportedly mainly precautionary mark-downs by dealers.

In the D-Mark sector the con-

This would be the first occasion when a Japanese bank has tapped this market.

• World Bank Treasurer Eugene Rotherg made it clear in Zurich yesterday that the fact that it has satisfied its borrowing requirements for the current fiscal year, which ends in June, does not necessarily mean the World Bank will be absent from the international capital markets. Borrowing could be made for the 1978-79 year. He also said that the World Bank did not intend to exercise its rights to redeem bonds early, even where the interest rate situation meant that it could refinance at a substantially lower cost.

• Ishikawajima Harima Heavy Industries is planning a dollar floating rate note issue, securities source in Tokyo told Reuters. The proposed issue is reported under consideration by the Ministry of Finance for inclusion in the list of second quarter Japanese foreign borrowings.

In the D-Mark sector the con-

## Town &amp; City Properties LIMITED

## Unaudited interim results for the half year ended 28th September 1977

Year ended	Half Year ended	Half Year ended
24.3.77	28.9.77	28.9.76
£'000	£'000	£'000
35.384	16,400	17,961
5,558	2,135	3,268
4,925	2,083	2,122
10,483	4,222	4,480
(35.787)	(15,181)	(16,003)
(25.274)	(10,969)	(13,328)
6,872	1,079	472
(18,802)	(1,930)	(13,051)
45	40	(19)
2,363	1,880	13,648
(2,363)		
Minority interests		
Realised capital profits/(losses)		
Transferred to capital reserve		
Amount transferred from capital reserve in respect of development properties on which development has commenced	2,286	5,515
7,532		
(11,025)	(7,384)	(7,555)
Shortfall of distributable income for period		

1. The form in which the results are presented has been altered in order to achieve greater clarity. In particular the new format shows the total revenue loss before the transfer from capital reserve in respect of outgoings on properties currently under development. The comparative figures have been adjusted to reflect the new format.

2. Realised capital profits less losses and capital charges (after taxation) are made up as follows:

Surplus of sale proceeds over original cost of property, less capital gains tax 396

Excess of cost of acquisition over book value of net tangible assets of subsidiaries written off in respect of sales (2,700)

Net capital profits 424

(1,880)

Note: The above surplus on sale of properties has no regard to valuation surpluses in previous years amounting to £15,419,000 which were included in capital reserve and have been written off.

3. The taxation relief included above is £1,200,000 (Period to 28.9.76 £700,000) and is limited by reference to the amount of offsettable chargeable capital gains. Significant losses remain available to be carried forward against future revenue profits.

No dividend is recommended for the period to 28th September 1977.

Since the preliminary announcement last August a further £254 million of properties have been sold with a book value of £15.9 million. This brings the total of properties since 25.3.77 to £52.0 million with a book value of £46.3 million.

## Chrysler Spain expansion

By Robert Graham

MADRID, Feb. 15. CHRYSLER'S Spanish subsidiary, Chrysler Espana, has decided to increase its workforce by 550, equivalent to 4 per cent. of its current payroll. The move follows a strong demand for Chrysler saloon cars in Spain and anticipation of the sales trend for Chrysler trucks in Europe.

The move is also an interesting reflection of the industrial relations climate in Spain. For several months Chrysler Espana has been unable to operate overtime due to a union ban. This ban has been prompted in part by union pressure to increase the company's payroll rather than resort to production flexibility through overtime. The company's management fears of hiring labour at moments of increased demand and being obliged to continue employment when demand declined.

Reporting a continuing weakness in retail farm machinery sales for the industry in North America, he said that this slump, coupled with unfavourable currency adjustments, would have a substantial impact on the quarter's profit relative to that of the year earlier.

In December it was disclosed that profit for the quarter was 95 cents a share, down sharply from \$2.42 a share a year earlier.

It also said that the problems and difficulties which adversely affected its 1977 results, when profits slumped to \$1.26 a share from \$6.04 in 1976, would continue.

The state company said that it made particular headway in Mediterranean and Middle East markets last year. But it was concerned at the negative effect the country's uncertain political situation and Italy's public sector deficit could entail.

Chrysler Espana has been

operating in Spain since 1963.

It has a production capacity of

100,000 vehicles a year.

It has a production capacity of

## NORTH AMERICAN NEWS

## Record year at Textron

By Our Own Correspondent NEW YORK, Feb. 15. RECORD sales and income for Textron Inc. in 1977 were announced today by the company's chairman, Mr. William Miller, making what should be last earnings statement provided the Senate ratifies his appointment as chairman of the Federal Reserve Board.

The last quarter proved to be the best three months in the company's history, with sales rising 8 per cent. to \$716.3m. and earnings by 7.3 per cent. to \$59.35m. Sales for the full year were up from \$2.62bn. to \$2.85bn. and earnings from \$1

## INTERNATIONAL FINANCIAL AND COMPANY NEWS

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## MEDIUM TERM LOANS

## Increasing activity in yen issues

BY FRANCIS GHILES

THE NUMBER of medium term loans raised by foreign borrowers in these two countries, yen-denominated loans are being encouraged by the Ministry of Finance in Tokyo to export capital as one of the moves to reduce Japan's balance of payments surplus.

From a total of Y47bn. in 1976, the amount of such loans more than doubled last year to Y108bn. So far this year, yen-denominated medium term credits have been arranged for Spanish borrower, Autopistas del Atlantico, the final terms of which have not been settled.

More than half the borrowers since April 1976 have been Latin American. However, Japanese banks are casting their net wider. Among first-time borrowers in recent years have been Canadian, Iranian, Danish, Algerian and Spanish names.

If the current growth in such lending persists, and the banks think, will loans worth over Y250bn. will be granted by the end of the current year.

Borrowers are getting increasingly longer-term, a trend likely to continue as economic demand for long term credit in Japan shows little sign of recovering.

Borrowing medium term in yen remains more expensive than borrowing in the other two strong currencies, the Deutsche Mark and the Swiss franc. Countries like Brazil, Mexico and Algeria do, however, have a great need for fresh capital and there are limits to the amount

the long term prime rate on yen is not expected to come down for a 12-year maturity, while a Y10bn. one for Banobras of Mexico carried an 8 per cent. coupon for a 10-year maturity.

Last year borrowers from the Philippines, Brazil and Denmark were able to tap this source of funds.

The cheapest of all is the bond market where Y90bn. worth of issues will be made this month.

Two private placements have been arranged so far this year.

A Y5bn. placement for Ireland

## YEN SYNDICATED LOANS

Borrower	Total amount (Yen bn.)	Interest (%)	Final maturity (years)	Number of participating banks
Inter-American Development Bank	2	8.3	7	16
Central Bank of Philippines	10	9.9	7	24
Korean Development Bank	5	9.9	7	16
Central Bank of Cuba	5	9.9	7	24
Central Bank of Argentina	10	9.9	4	24
Ships Bureau of Brazil	15	9.9	7	24
Central Bank of Peru	3	10.4	5	19
Siderurgia Brasileira	15	8.9	7	24
Nafinsa Mexico	12	10.4	10	4
Quebec Hydro	20	8.5	15	6
BNDE Brazil	12	8.0	5	8
IMDBI Iran	12.5	8.0	7	13
Mortgage Bank of Denmark	10	8.3	15	8
Tha Housing Bank	8	10.4	8	10
Penex Mexico	25	8.0	8	18
Siderurgia Brasileira	15	8.3	8	24
Sonatrach	12.5	8.2	7	15
Central Bank of Cuba	10	8.3	7	24
Autopistas del Atlantico	10	8.3	10	21

\* Terms not yet final.

## MEDIUM TERM CREDITS

## Paris raising foreign loan

BY FRANCIS GHILES

THE CITY OF Paris is raising two loans for Brazilian borrowers for five years on a split

spread over the interbank rate of 4 per cent. for four years, rising to 1 per cent. for the remainder.

Societe Generale and Merrill Lynch International Bank are providing the funds.

This is the first time since before the second world war that the city of Paris has raised a loan denominated in a foreign currency.

As then, there is no sovereign guarantee.

Being a private operation, the terms in no way indicate that a spread of 1 per cent. is likely to be paid for a syndicated loan.

Three weeks ago Japanese banks refused to grant the French Treasury a 1 per cent. spread

on a \$400m. loan to the Caisse Nationale des Telecommunications.

Bank of America International is also arranging a \$100m. loan for ten years for Compania Vale do Rio Doce. It will be syndicated among a small group of banks.

The borrower is paying the same spread as for the BNDE loan.

The Kingdom of Sweden is raising a Fls.200m. loan for ten years on an interest rate of 84 per cent. Lead manager is Algemene Bank Nederland.

The Board's confidence that stronger growth will return is shown by an increase in the dividend payout for the fifth year in a row from 4 cents to 4.5 cents a share.

This pointer to higher dividends in the future will encourage shareholders to take up their entitlements to a one-for-five rights issue, the company's first since its initial float in 1973.

## Pacific Film slowdown

BY OUR OWN CORRESPONDENT

SYDNEY, Feb. 15.

GROWTH of Pacific Film, which up until the past year has been soaring, was cut back severely in 1977 as the cost of opening new outlets for its photographic services ate into profits.

The Australian photography and leisure products group raised net earnings only 11.4 per cent. to \$42.9m. (\$US3.3m.) in the 12 month period compared with rises of 37 per cent. in the previous year and a spiralling

debt of 4 cents a share.

Pacific Film's result on a 13 per cent. increase in sales revenue to \$48.9m. (\$US7.2m.)

is paying an interim dividend of 4 cents a share.

## US \$60,000,000

## The Long-Term Credit Bank of Japan Finance N.V.

Guaranteed Floating Rate Notes Due 1983

Guaranteed unconditionally as to principal and interest by

## The Long-Term Credit Bank of Japan, Limited

(Kabushiki Kaisha Nippon Chuo Shinkin Ginko)

(A Japanese Corporation)

Credit Lyonnais

Banque Bruxelles Lambert S.A.

Commerzbank

Manufacturers Hanover

Swiss Bank Corporation (Overseas)

Nippon European Bank S.A.

Al Dhahra Investment Company

Alibhi Bank of Kuwait (K.S.C.)

A. E. Atter &amp; Co.

Amsterdam-Rotterdam Bank N.V.

A. E. Atter &amp; Co.

Andelshaus A/S Danmark

Arab Financial Consultants Company S.A.K.

Banca Commerciale Italiana

Arab Financial Consultants Company S.A.K.

Banca del Gattista

Arab Financial Consultants Company S.A.K.

Banco Uruguayo Americano

Arab Financial Consultants Company S.A.K.

Banco International

Arab Financial Consultants Company S.A.K.

Bank Leumi Le-Israel

Arab Financial Consultants Company S.A.K.

Bank Julius Baer International

Arab Financial Consultants Company S.A.K.

Bank of America International

Arab Financial Consultants Company S.A.K.

Bank Gruenwald

Arab Financial Consultants Company S.A.K.

Bank Leumi Le-Israel

Arab Financial Consultants Company S.A.K.

Bank of Tokyo

Arab Financial Consultants Company S.A.K

# BOOKS

## Odd fish

BY C. P. SNOW

C. K. Ogden: *A Collective Memoir*, edited by P. Sargent Florence and J. R. L. Anderson. Eelk Pemberton, £5.00 (£4.00 paper-back). 252 pages

C. K. Ogden was a very gifted man and very odd fish. About the odd fishhook, there is no doubt whatsoever. The gifts, though they were not specific or concentrated enough to make a permanent impact, won the respect of other gifted men, including some of the major talents of the century.

In the 1920s, after Ogden's wartime editorship of the Cambridge Magazine, which was his own creation, he was still detected public enemy No. 1 among Cambridge conservatives. Yet I don't remember anyone pretending that he wasn't intelligent. While, as the names of the writers in this collection testify (among them William Empson, I. A. Richards, Lord Zuckerman), he was deeply admired by many of the cleverest people around. G. H. Hardy gave him very high marks for intellect. That isn't a cliché phrase. Hardy actually did award marks for intellect, with Einstein, Russell, Keynes, somewhere near a hundred, and certain colleagues of Hardy's near to zero.

It is as well to remember that Cambridge in the period 1929-1925 was one of the best show places for sheer intelligence that any university has ever been. Ogden was a very small university, something like 3,000 students, under 100 professors. About the size of a large American liberal arts college. During those thirty-five years, the names of the following were on the books, the majority of them knowing each other—Rutherford, J. J. Thompson, G. I. Taylor, Dirac, Blackett, Kapitza, Hardy, Littlewood, Ramanujan, Keynes, Moore, Russell, Wittenstein, Adrian, Hopkins, Housman, Trevelyan, Richards. One could reel off another dozen. In such company, it took some doing to be regarded as unusually bright. Ogden was regarded as.

His third project was entrepreneurial. He persuaded the publishing house of Kegan Paul to let him edit a number of series now part of the history of books to buy shops all over the place.

He could, of course, have become an academic, probably some sort of pioneer in linguistic analysis. He didn't, partly because he had a strong pre-



C. K. Ogden: co-inventor of Basic English, subject of a "collective memoir" reviewed to day

library of Philosophy and but to this day no one knows Scientific Method. Today and how. He couldn't bear to go to-morrow. The History of bed at night. Apart from such superficialities, no one appears to know anything intimate, or praise, regards these creations as if so, will not tell. Much the warmest pieces in the collection come from women, Dora Russell and Marjory Todd. Both were fond of him but never became close.

It can't be seriously doubted what Ogden was a significant figure. What can be doubted is what he was as a man, to me; she shows more intuition than anyone in the volume. She came to know Ogden when she was really like. Or if he was like a poor young girl. They had anything at all, except a bunch of eccentric habits. None of these essays, which are all degree, didn't see him for years. When by chance he recognised her in a restaurant, where she was sitting with the husband she had just married, Ogden recollects in pain and horror. That can be interpreted in several ways. Marjory Todd doesn't give hers. One feels sure that in his humanity.

He was morbidly secretive. That is granted by everyone. He kept his friends in closed compartments, and wouldn't let them mix. He collected enough money to buy shops all over the place, secret she has made her guess.

It is not particularly surprising Princess Margaret eventually fell in love with Townsend. He was handsome, liked by her father, more mature than her other friends. They saw each other in the informality of the

## Innocent at home

BY RACHEL BILLINGTON

Time and Chance, an autobiography by Peter Townsend, £5.50. 317 pages

Innocent is not a likely word to describe a 63-year-old twice-married Group Captain who nearly wed a Princess and caused a world-wide scandal. Yet innocence is what shines through Peter Townsend's autobiography, *Time and Chance*.

It is an obstinate, honourable innocence that has led him to write this book as if the beginning and end of his life so far are as interesting as its extraordinary climax in the middle. It is reflected in his naive style of writing which makes it very difficult to believe he is now living by his pen. It was probably the same quality that made him the perfect war-hero they fought for 20 months, night and day, until he returned to a new, racked, sleep-torn wreck. He was grounded, put on hospital rates, and he was in this state of mind that he contracted his first unsuccessful marriage.

True to that wartime phenomenon, the urge to reproduce, he rushed hand in hand to the altar.

However, marriage and fatherhood nine months later did not solve his problems in the air. He was about to start as a flying instructor when in 1942 he was summoned to the Palace. He went—a hero, a man without armour, believing, in Miltonic vein, that virtue is its own protection. This attitude made him the perfect suitor to King George VI. For, like the knights of old, it went hand in hand with a burning desire to preserve the Good forced them to banish its most perfect specimen.

Indeed its star still shines for him as brightly as when he first entered the palace and saw peering at him down a corridor "two adorable-looking girls, all smiles. Hello Joey, they chorussed and 'Joey' introduced me to Princess Elizabeth and her sister Margaret." It is not particularly surprising Princess Margaret eventually fell in love with Townsend. He was handsome, liked by her father, more mature than her other friends. They saw each other in the informality of the

family circle. It is odd, however, that he dared to love her even if she was "... a girl of unusual, intense beauty, confined as it was in her short slender figure and centred about large purple-blue eyes, generous sensitive lips and a complexion as smooth as a peach". It would have been safer if he had kept her on a pedestal like a Lady from a romance in the *Courtly Love* tradition. Perhaps the decision was not in his hands. Or perhaps he did not see the dangers. "Our love, if it was, took no heed of wealth and rank and all the other worldly, conventional barriers which separated us. We really hardly noticed them."

Nevertheless, being an honourable man, he did not try to keep their love a secret. Tommy Lascelles, the Queen's private secretary, commented when Townsend told him the news. "You must be either mad or bad." The Group-Captain was surprised and disappointed by this reaction and the others that followed. He was filled with virtuous love. The failure of his first marriage was the fault of the war. Not him. Let the vile world do its worst.

And the world did. The storm of gossip from the international Press which the Palace seemed incapable of controlling mainly because of the tradition of "no denial" gradually made the situation irremediable.

If Townsend had been villainous, the task of the Palace would have been much easier. For, with wonderful dramatic irony, the eagerness to preserve the Good forced them to banish its most perfect specimen.

It would have agreed to a virtual exile for two years until Princess Margaret was legally permitted to make up her own mind? Given the choice of Johannesburg, Singapore or Brussels, he chose the latter yet the result was still disastrous—career destroyed forever. Links with his two sons broken of whom one, he says, "has never recovered from the brutal separation."

But he went. Parted the Press



Peter Townsend—"the perfect suitor" attending King George VI

at a British Legion ceremony

as best he could with both hands something bright and hopeful

turned when his time was up. But the innocence of Peter Townsend did not and does not

with love intact. His reward was

Princess Margaret's decision

to make to marry him

and his liege-man attitude

example, "In Britain, public

royalty cannot stop his making

pointed out to her that she would

be "stripped of her royal rights

and prerogatives, which included

accession to the throne, her royal

functions and a £15,000 govern-

ment stipend due on marriage

for the Princess, who of those

who prayed for her happiness

20 years hence her own marri-

age would break up?" Group-Captain

Townsend himself has, the con-

solation for a disrupted life

a long and happy second

marriage.

"Needs encouragement," said

Townsend's teacher's verdict

him as a child. From his own

British people should

telling of his story he seems

Princes Charles or any of his

brothers became close to a

apparently victim, who yet re-

divorced woman. And this is

over 20 years later. At the time

often for it to be coincidence

the young and beautiful

Margaret Rose did represent

destructive, virtue.

Finally, there might even be

a note of naivety. One of the

last comments of the book goes like this:

"Had, one wonders, reporters never read any history before?"

## Downhill all the way

BY MALCOLM RUTHERFORD

The PenCourt File by Barrie Penrose and Roger Courtaul, Sacker and Warburg, £5.90. 423 pages

It is hard not to feel sorry for Penrose and Courtaul, the joint authors of this book. There they were at the start, fed by Sir Harold Wilson and backed by the BBC, yet they end up with Lady Falkender and serialisation in the *Daily Mirror*. It is a case of downhill all the way, and it is the same with the story. It starts with Sir Harold warning the reporters that "democracy as we know it is in grave danger". There is talk, also from Sir Harold, of dissection in the secret services, rumours of coups d'état and a South African connection. Yet the book petered out 400 pages later with speculation about the killing of Norman Scott's dog. (Norman Scott is the former male model whose name was linked with Jeremy Thorpe.)

It is not entirely the reporters' fault. It is hard to see what Sir Harold was up to. They were given cryptic leads, which they followed where they could. No one could accuse them of lack of industry. They believed in investigative journalism, and that they set about it with a will. Yet somehow all roads seemed to lead back to the Thorpe-Scott relationship. It was hard to reconcile this completely with the talk of a South African plot and a British coup in the mid-1960s, and to be fair—the reporters do not always seem to fit the irreconcilable together. They admit, for example, that they have yet to provide a satisfactory explanation as to why the Wilson resignation the announcement of the separation between Princess Margaret and Lord Snowdon, and the Scott outburst against Thorpe in a West Country court all took place on the same day.

The reporters' standards are also less than rigorous. Take, for example, the following sentence about the rumours surrounding the killing of Scott's dog:

"The reporters' standards are also less than rigorous. Take, for example, the following sentence about the rumours surrounding the killing of Scott's dog."

But that in a way is part of the problem. The reporters cannot

impose a pattern, but they never do: "on 25 October the Daily Mirror's front page reflected widening Fleet Street concern." Look again at the word "concern". Is that what the reporters really mean, or do they not mean "interest"?

Finally, there might even be

a note of naivety. One of the

last comments of the book goes like this:

"Had, one wonders, reporters never read any history before?"

from their enquiries reporters had learned that the making of history is not only the preserve of important politicians, men of wealth, genius and power. A man like Norman Scott had also played a vital

role in the history of the world.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

Ind. prod. output Eng. Retail vol. value played Vac.

1977

1st qtr. 103.3 105.3 111 103.2 516.4 1,330

2nd qtr. 103.0 102.9 104 102.6 522.3 1,339 18

3rd qtr. 102.5 101.6 108 104.6 523.2 1,016 24

4th qtr. 101.5 102.5 102 104.9 529.8 1,031 18

July 102.6 104.3 102 105.0 531.9 1,334 18

Aug. 102.6 103.3 116 105.2 526.7 1,031 18

Sept. 102.4 103.3 106 105.2 523.7 1,346 18

Oct. 101.3 102.2 108 103.1 523.2 1,433 18

Nov. 101.3 101.9 106 103.2 522.3 1,433 18

Dec. 102.1 103.3 106 107.6 544.3 1,428 18

Jan. 102.0 103.2 106 107.6 544.3 1,428 18

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

Consumer goods Eng. Intmd. Eng. Metal Textile House goods goods output output goods output

1977

1st qtr. 116.4 99.0 106.3 100.3 83.9 104.1 12

2nd qtr. 115.3 97.9 105.0 99.2 86.4 104.3 12

3rd qtr. 115.2 97.8 104.7 104.7 86.4 104.3 12

4th qtr. 116.1 97.1 101.2 102.9 87.3 104.1 12

July 115.0 97.0 105.6 105.6 87.0 104.0 12

Aug. 115.9 97.0 105.6 105.6 87.0 104.0 12

Sept. 116.8 97.0 105.6 105.6 87.0 104.0 12

Oct. 116.0 97.0 105.6 105.6 87.0 104.0 12

Nov. 115.8 97.0 105.6 105.6 87.0 104.0 12

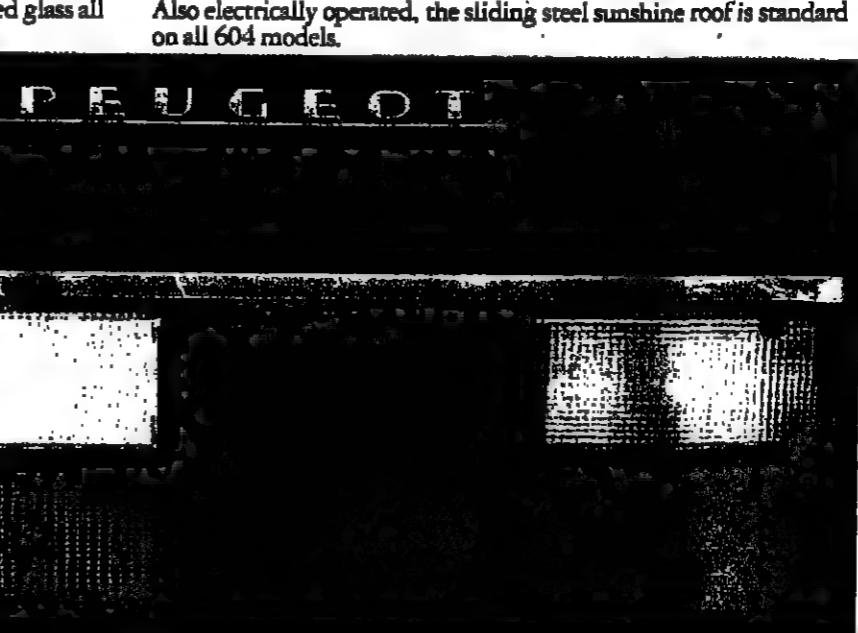
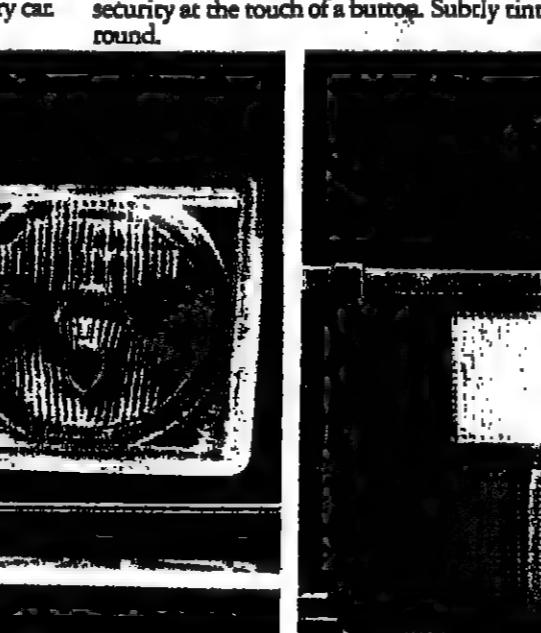
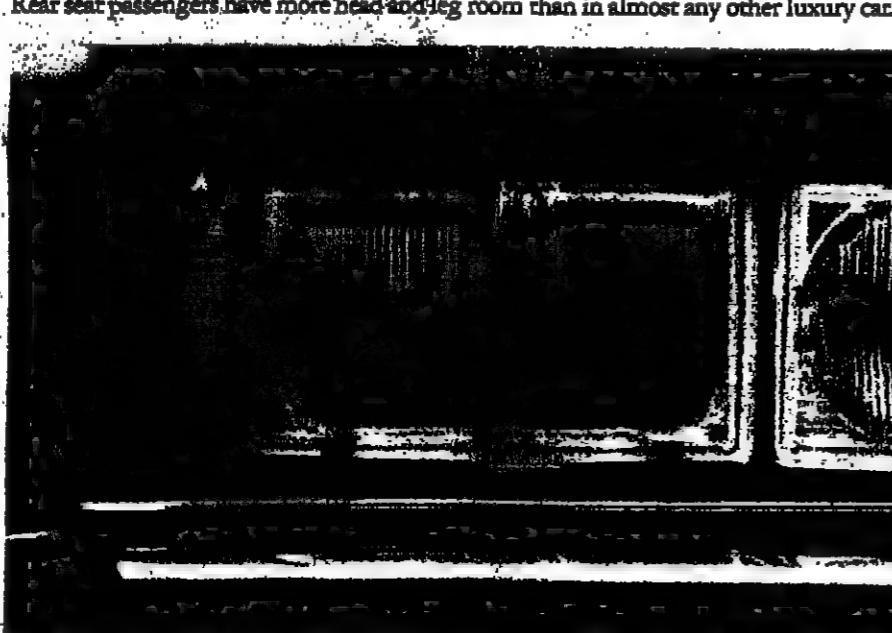
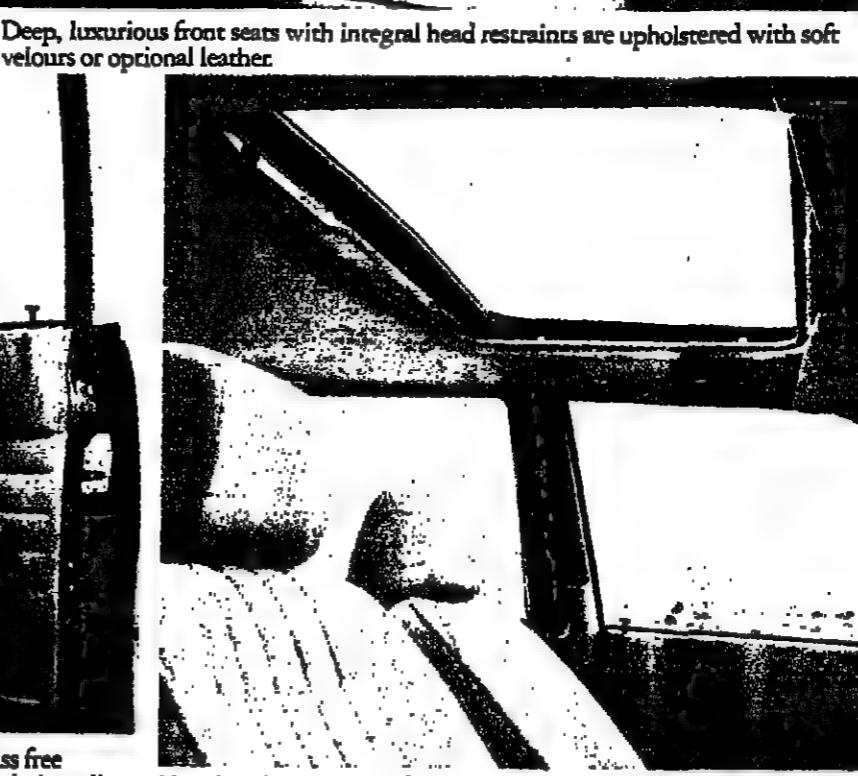
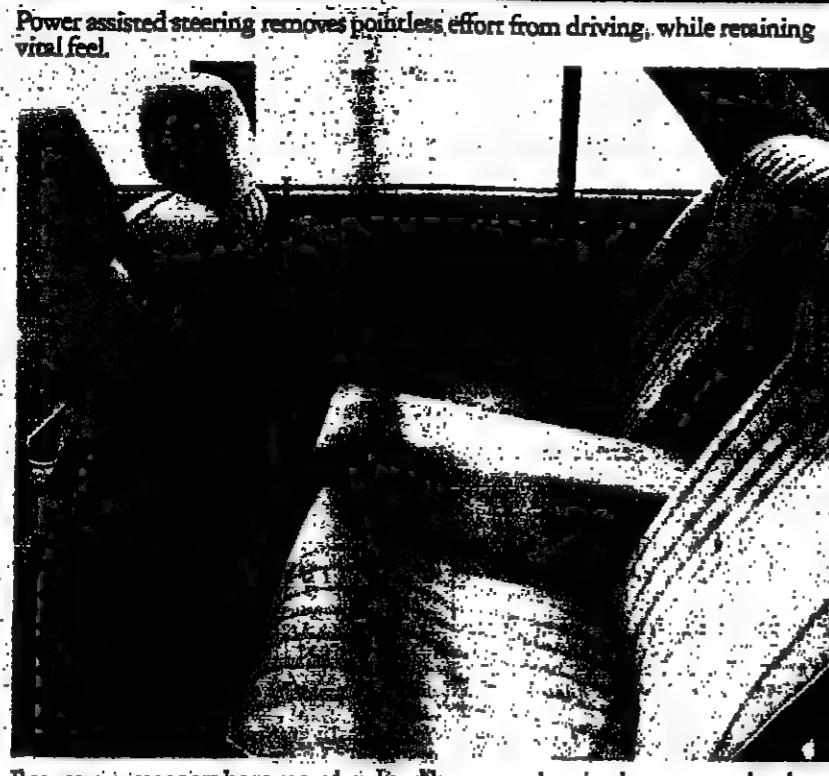
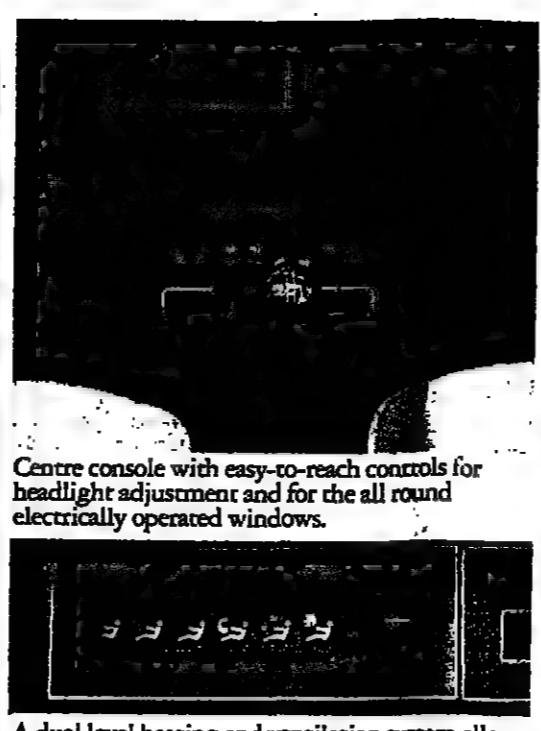
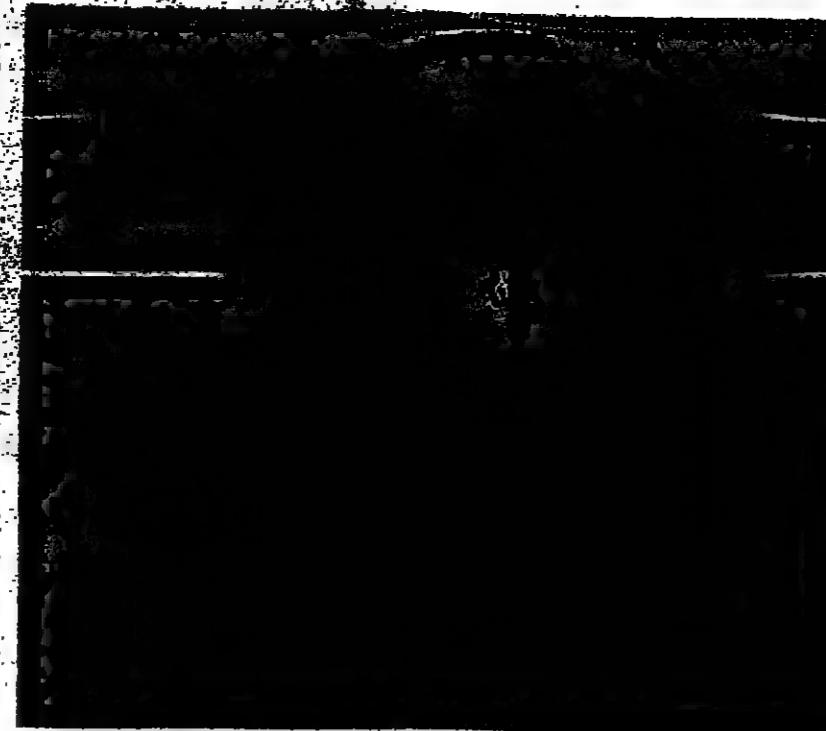
Dec. 115.0 97.0 105.6 105.6 87.0 104.0 12

Jan. 114.4 97.0 105.6 105.6 87.0 104.0 12

EXTERNAL TRADE—Indices of export and import volume, balance of trade (1975

# Peugeot 604SL.

## Sumptuous surroundings are standard.



Twin dip and main beam high power halogen headlights adjustable from the driver's seat.

For additional safety, rear light clusters incorporate high intensity fog lamps.



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swimming pools. Also there are

# FINANCIAL TIMES REPORT

Thursday February 16 1978

## THE HIGHLAND REGION

Far from the traditional romantic image, in economic terms the Highlands have long been a millstone around Scotland's neck—but not for much longer. The oil industry has breathed new life into the area, paving the way for new industries and future growth.

**THE HIGHLAND REGION** is the largest local organisation of local government in Scotland, they can expect to give them a head start in the fight for survival when, as seems likely, the proposed Scottish Assembly decides to take a knife to the system and begin the carving afresh.

The sheer size of the region also gives it another advantage. It is big enough for the functions of the regional council and the district councils to be distinct, an essential requirement. If the region is to be able to carry out a broad review of the area and embark on strategic planning for the future.

The is not to say that there are no problems. One which is being tackled, but still has some distance to go, is the relationship between the regional council and the Highlands and Islands Development Board.

particularly in the field of industrial promotion and development where the functions of the two bodies overlap. In the absence of any unified voice for the Highlands for most of its 12-year life, the Highlands Board grew to assume the role

—one to which the region can

have a claim. It is to be expected

that there should be a period of

adjustment.

### History

The region has a rich history prosperity brought by oil can be not much different and it is in history that its not be bolstered by more per-

manent jobs by the time the

biggest economic problems

autonomous island began.

The new

development of the North Sea

Oilfield, when families

and, as units which provided

their livelihood, to establish itself.

This is one imperative

in crofting, fishing, tourism and man-

and more extensive methods of keeping up the drive to attract craft activities such as knitwear. The Board alone spent in construction from £300 to £500 million last year on assisting about 9,000 and in distribution in the first half of the century, have left their scar on the so far at least, the impact of oil development has been one, and hence to raise the level of to spend more. Output from 34,000. Board-assisted farms have increased by twice the rate for oil related employment, now around 5,000, is expected to rise to nearly 6,000 by 1981.

In its first regional report to the Secretary of State for Scotland, the Highland Region detailed seven sectors where it intended to promote industry and employment. They included the promotion of the Cromarty Firth—already the home for British Aluminium's smelter at Invergordon and for a number of distilleries—as a centre for petrochemicals, exploiting its deepwater channel and the availability of land for development; a campaign to persuade the Government to build a commercial fast-breeder reactor at Dounreay, Caithness; a discussion of major tourist projects to encourage, for example, the growth of winter sports; promotion of forestry and related activities; industrial expansion around ports in the Moray Firth; development at Loch Nishorn, Caithness; a possibility of the existing economy expanding fast enough to counteract this tendency.

What is needed is a project large enough to reverse current employment trends. The demonstration commercial fast reactor is such a project.

The debate over the building of a fast reactor is, of course, far wider than the employment needs of Caithness, but if the Government decides that the project should go ahead, then Dounreay has several factors in its favour. Among these are the collection of skills and expertise already established there, its remoteness from large centres of population and, probably most important, local authorities and a large slice of the population willing to

## On the high road to a new future

By Ray Perman, Scottish Correspondent

boom and brought with it a corresponding social and economic decline.

The large amount of money and effort put into the region in recent years, must inevitably be two-fold, coupled with the impact of the oil industry both directly and attract new industry there must be an effort to stimulate as construction and services, has existing activities to create new hand-in-hand.

While attempts must be made to give a respite from jobs within them. Geography, climate and other factors such as made should not be overlooked.

Often it is a case of increased production at the expense of sheep, the number increased by platform yard; and the development of a general tourist trade.

There is no point in increasing production at the expense of mated. Often it is a case of increased by 10 per cent, while the fast-breeder reactor.

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## THE HIGHLAND REGION II

# An oil base for development

THE DISCOVERY by Mesa U.K. routed further south to St on a major platform for a significant oilfield in the Fergus, near Peterhead, where a gas terminal is under construction in relatively shallow waters of the Moray Firth less than 20 miles from the Government's offshore and the Government's. In mid-1976 the Scottish Economic Planning Department estimated that the crude should be piped ashore rather than taken off by tanker, should be 8,000 oil-related jobs in the Highlands and Islands, of which most exciting developments it could reasonably be assumed since the first oil had been made about 3,000 were in the Highlands and Islands region. Since that time the more lasting production works at Invergordon.

Together, the two events hold out the strongest possibility so largely as a result of the reduction of the workforce at the phase of oil development, which Howard-Doris platform yard at Loch Kishorn and the run-down is by definition temporary to the M.K. Shand pipe-coating, the more lasting production works at Invergordon.

Most of those working in oil are those working in oil. Highlands, unlike Orkney, the employer in the three platform yards—Kishorn, which has yet to secure follow-on work for the dry dock it has constructed at Loch Kishorn. The Ninian Central Platform was to have been moved out to its location in the northern North Sea last summer, but missed the "weather window." The period of calm conditions when such operations are possible. To catch up the lost time, the platform is now anchored in the inner sound of Raasay, where the steel deck section has already been fitted and most of its modules loaded.

Despite some poor weather progress in the sheltered waters of the West Coast, the oil companies we were talking to six months ago and we have spent hundreds of thousands of pounds on designs for them—pounds in particular at the moment—seems very very promising.

One cannot fault them for getting in early. Present proposals for the gas gathering system that as a first stage an offshore network of lines should link several fields with the existing gas pipelines serving the Brent and Frigg Fields. A new trunk line is only envisaged as a

major platform yards, sooner or later the orders for structures from the North Sea in the meantime.

The yard is important to local life and to the Highlands as a whole, not only because it is a major employer but because it takes a large proportion of its labour requirements from Skye and the communities of Wester Ross, rather than bringing in "travelling men" and because the yard is very largely the justification for keeping open the West Highland Line, the single track railway from Inverness to Kyle of Lochalsh on the West Coast. If Kishorn has to close, it is difficult to see how new jobs can be created in the short term to compensate.

Mr. Albert Granville, Howard-Doris's managing director, brought rideau down on himself 18 months ago when he flew in the face of the pessimism being expressed by other concrete contractors and predicted that from being faced with an empty berth, Kishorn would be suffering an embarrassment of orders.

It is reasonable to assume that, if he had his time again, Mr. Granville would not be quite so optimistic. He is now more realistic but still hopeful: "We are still talking to the same oil companies we were talking to six months ago and we have spent hundreds of thousands of pounds on designs for them—pounds in particular at the moment—seems very very promising."

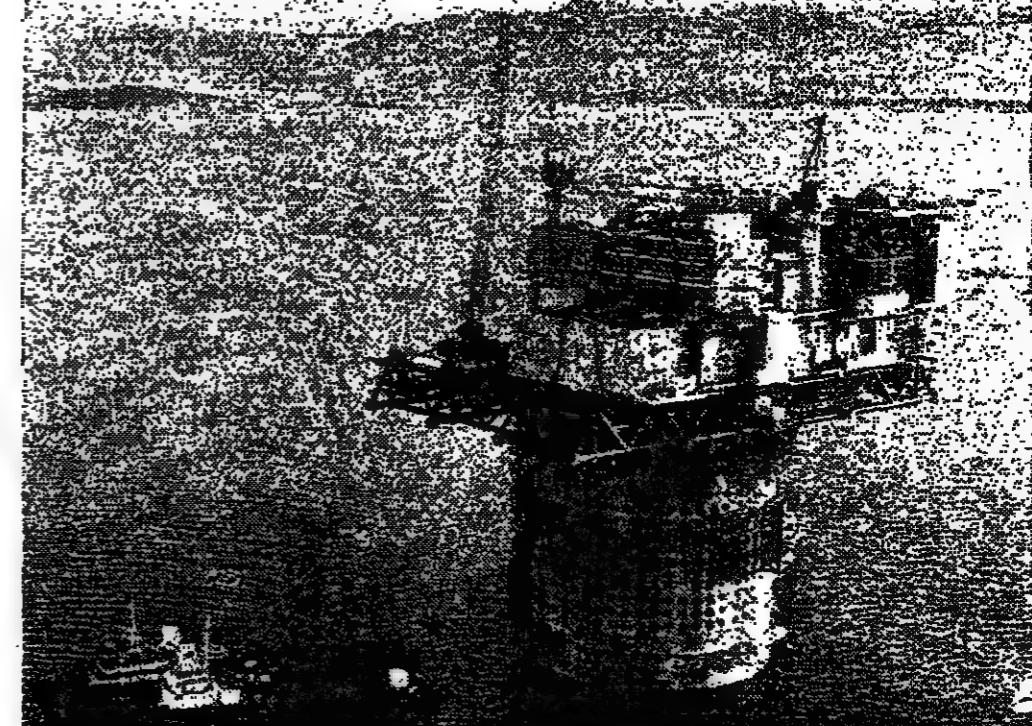
One cannot fault them for getting in early. Present proposals for the gas gathering system that as a first stage an offshore network of lines should link several fields with the existing gas pipelines serving the Brent and Frigg Fields. A new trunk line is only envisaged as a

major platform yards, sooner or later the orders for structures from the North Sea will come to an end and there is a strong likelihood that one or more of the yards will close. That is an eventuality which is already concerning the development authorities in the region, the regional council, the Highlands and Islands Development Board and the Ports Authority for the Cromarty Firth—the preferred location for any downstream activity.

Together they have already made public their desire to see petrochemical processing plants established around the Firth and will be approaching likely companies to give them more detailed information on what the Firth has to offer.

So far, despite the regional council's part in persuading the Government that the Beatrice oilfield ought to be developed by pipeline rather than by offshore tanker loading, the three bodies have concentrated more of their attention—in public at least—on the proposed gas gathering pipeline system, with the hope that a new trunk gas line could be brought into the Firth.

One cannot fault them for getting in early. Present proposals for the gas gathering system that as a first stage an offshore network of lines should link several fields with the existing gas pipelines serving the Brent and Frigg Fields. A new trunk line is only envisaged as a



The largest concrete oil production platform in the world, Chevron Petroleum's Niniian Central jacket and platform, built by Howard-Doris at Loch Kishorn.

second stage—to be built if at countries close by, and a bird's eye view into the 1980s. Some sanctuary on the Nigg peninsula, already exists in the western Europe and there is the possibility that the European Commission may try to block any terminal with storage and British Government aid to new refinery projects.

However, although a refinery would bring more immediate jobs to the area, a terminal could also help advance the development of the region. The Cromarty Firth Ports Authority, which itself has development powers, would gain revenue from the increased number of shipping movements the terminal would attract, helping it to improve the harbours and jetties on the northern bank of the Firth.

It should also be said here that the development of the Firth does not depend solely on the oil industry. There is already large-scale industry in the British Aluminium smelter at Invergordon and a number of distilleries, and additional land is zoned for industrial development of all kinds.

Ray Perman

## Opportunity

## Communications expand

ONE FIFTH of the land mass estimated at £150m. and viewing of Great Britain, as big as Wales, the Scottish Highlands have always been a problem area for communications by land, sea and air. In the throes of a communications revolution, they are likely to be changed more fundamentally than they yet realise.

The effect will be to bring Highland communities nearer each other, but more importantly, to reduce the great divide between Scotland's Central Belt and the centre of Highland administration, Inverness, with an incalculable beneficial effect on the economy of the Highlands.

It used to be said that when Britain sneezed, Scotland caught a cold. In the 1970s Scotland has been insulated from those medico-economic metaphors by North Sea Oil, and nowhere more heavily insulated than the Highlands, with the two most successful offshore steel fabrication yards and the concrete fabrication yard at Kishorn. This could prove the most versatile in Europe in a medium which is proving temporarily unfashionable, but still has its uses.

The transient prosperity brought by oil developments has, however, funded permanent development in communications which may be the lasting benefit of oil. For once in the Highlands, there is widespread praise of Government determination to take a longer view. In 1973, after lengthy study, the Government decided to rebuild the road from Perth to Inverness and on to the north shore of the Cromarty Firth. It is not a road improvement project. For nearly all of its length, the new road will pass nowhere near the present, narrow, tortuous macadam ribbon, barely wide enough for two lorries and a cyclist. The perpetual bottlenecks at Pitlochry, Blair Atholl, Dalwhinnie, Newtonmore, Kingussie, Aviemore, Carrbridge and Inverness will be bypassed on a 70 mph highway which will be dual carriage way wherever gradient and curve limitations of the mountainous terrain fail to meet the highest standards.

At Inverness a high-level, navigable bridge will sweep the narrow of the Beauly Firth, saving some 15 miles on the journey to the Cromarty Firth which is still the focus of major industrial growth in the region. A long low-level bridge is being improved across the Cromarty Firth, to meet planned bypasses of Alness, Invergordon and Tain, and to the Dornoch Firth where a new road crossing at Meikle Ferry to Dornoch with further mileage savings to and from running at maximum capacity.

Between Perth and Inverness where much of the track was made single line in the Beeching era, British Rail is doubling 20 miles of the route, already adding up to eight tracks each day in each direction. At the moment, any breakdown—and of the road has been there are plenty thanks to

## The Cromarty Firth Port Authority

as the statutory agency responsible for marine development in the Cromarty Firth, is actively associated with the Highlands and Islands Development Board and the Highland Regional Council in promoting the Cromarty Firth as a prime area capable of accommodating major marine related development.

The Firth is easily accessible under all weather conditions and offers deep sheltered water adjacent to landward sites and reclamation areas suitable for servicing the needs of large scale industrial development.

For further information contact Captain A.S. Black, Port Manager

Cromarty Firth Port Authority

PO Box 100, Cromarty, IV10 0BB, Scotland, UK

Stuart Linds

## THE HIGHLAND REGION III

## The capital learns to cope

BY accident than design happened to be Inverness, so counties were given the first call of love: the "Butcher" of local capital it became, some another small-scale drift from the hinterland into Inverness and its environs. Many councillors are having to make almost of the Highlands, that is to say, the Highland problem, its predecessors when men should make their base at Inverness which is making so much demand on their time that 14 of them are talking about

the Jacobite defeat.

had always been there, are still quite a few native-born Highlanders who

River Ness has since regard the "incomers" with

kindly to being given orders by

it has become more

troublesome than military.

World War II was

no significant military

Just when it appeared that

this growth was beginning to

slow down, along came the

wishing to enter a

district area.

disaster of the High

lands had little effect

ness. Indeed they con-

to the growth and

permanence of Inver-

ness. Instead of facing

the less adventurous

addition it became the head-

of-journey across the

Council, the largest district

to settle in a new land, council in the Highland region.

Formal local authority staffs

of any size, which throughout the

scouting have so far virtually bypassed

it was a naval base in the last

Inverness but the two most two world wars and a one-time port of call for coastal trade form yards are not far away steamer Cromarty's links with and within commuting distance, the sea, except for pleasure craft, have virtually disappeared.

Its population, once well over 1,000, has fallen to only 400 within the last ten years. A

World War I plan to provide it with a rail link had got as far as building the first few miles of the embankment when the armistice was signed and the scheme dropped, never to be resurrected because the Black Isle Railway of which it would have been part was axed by Dr Beeching.

In recent years, Cromarty has

been given something of a temporary reprieve by Highlands

Fabricators, which built its off

platform yard on the opposite side of the Cromarty Firth.

Workers commute to Ness from

Cromarty by ferry daily and the population has risen to

around 800, but with the troughs and peaks of fortune experienced by the yard in

obtaining new contracts Cromarty requires something much more permanent if it is to

re-establish itself.

The decision of the planning

authorities to confine development to the north shore of the Cromarty Firth is not helpful unless industries can be developed which provide suffi-

ciently permanent jobs to make the idea of settling up home in

Cromarty attractive to work-

ers.

The sad thing about Cromarty

is that it is not an exceptional case. There are many similar

communities on the east bank

of the Firth with its southern

exposure to the sun is a most

desirable housing area. If it

comes within just over these

quarters of a mile radius of Inver-

ness there is bound to be

migration not only from within

Inverness but possibly from

those remoter parts already

halted. But in Sutherland, parts

of Caithness and parts of

West Ross, the ruins of thriving

settlements built in whole

families which have dis-

appeared. Along the north

coast of the Applecross penin-

sula, regarded as an island by

Clydes saw this as no more than

a timely exercise in survival

since, on Sir Andrew's own

admission, the advent of the oil

oil had largely robbed it of its role on the east coast.

Under the present chairman,

Professor Kenneth Alexander,

and the westward probing has con-

tinued. The spearhead of the

attack is the attempt to get

multi-purpose community co-

operatives, triggered by local

initiative, to take root in the

Western Isles and already the

response seems positive.

Meanwhile the Board has also

re-affirmed its interest in oil-

related industries and is leading

the bid to establish a petro-

chemical complex on the shores

of the Cromarty Firth. That

together with potential nuclear

development at Dounreay and a

major fish-processing complex at

Breasclete in Lewis, is its main

industrial commitment at the

moment.

There have been internal

organisational changes and area

sub-offices have been established

in a bid to get nearer the people

and bring a more flexible

approach to regional develop-

ment. The classical "growth-

point" theory has been softened

to allow it to snuggle more

closely to the rugged and far-

from-homogeneous features of

the Board's territory.

The place in the pantheon

once occupied by "manufactur-

ing" has now been taken over

by "land-use." "A sound

approach to land-use can con-

tribute more to the economic

health of the Highlands than

any other single policy," Pro-

fessor Alexander maintains.

## Compulsory

That sound approach requires the Board to have much greater powers of compulsory purchase for use in cases where landowners refuse to work their land in the best interests of the local community. The case is now being argued through the Scottish Office, and it remains to be seen whether the Government will accede to it.

The brave euphoria of 12 years ago has now evaporated: the age-old problems of the Highlands are no longer seen as amenable to full-frontal assault. But at least the dialogue between the Board and its area has gone some way to defining the aspirations of both, even if only, in some cases, in a negative way.

It may be that this subtler, gentler approach, wrought of experience, may still lead to Sir Robert Griev's goal of achieving "world significance" for the Board. Certainly as an organisation it now enjoys more acceptance among its parishioners than it ever did before.

When a recent Commons select committee had some waspish comments to make about certain aspects of its performance a local paper could run a community reaction story under the banner "Hands off our Board!" Only five years ago that would have been unthinkable.

Martin Macdonald

Applecross north peninsula a greenfield area and many likelihood of any alteration in the powers of the Highland Board regarding the acquisition of land compulsorily. One of the difficulties, he explained, was the minority position of the present Government. Even if these powers are extended, modern

farming is not a major employer of labour.

Some of the croftlands of the Western Highlands yield too poor a return for the work involved when compared with what can be earned on some of the construction contracts being undertaken locally. To many, crofting is a part-time occupation. Few crofters exist on a return from the land alone.

The decision of Rio Tinto not to proceed further with mineral exploration in certain areas of the Highlands was a surprise to Highland Regional Councillors. Rio Tinto has kept options open, however, but for the present the hope of finding rich mineral deposits in different parts of the Highlands seems to have been dashed. On the Island of Raasay there are known deposits of iron ore and although these deposits were worked during World War I, the quality of the metal and the cost of extracting it has effectively put an end to development for the time being. It is understood that there are other mineral deposits on Raasay and this is one of the rights that the owner, Dr. John R. Green, has retained.

Perhaps the main industry of Inverness at the moment, as in many other parts of the Highlands, is tourism, which each year produces record figures both in revenue and number of visitors. In Inverness, as in many other parts, hoteliers have wisely invested some of this income in the improvement of their establishments, particularly catering and accommodation.

There is the danger, however, that with inflation, boosted prices, they can be outpriced by the package tour operators. And the stronger pound may tend to discourage foreign visitors.

By a Correspondent

## Fitting the HIDB into place

The new Regional Council, which takes over in May is going to face a difficult four years. Decisions will have to be taken which could affect the dispersal and stability of the Highland population almost

until the end of the century. The greatest danger they will have to guard against is the concentration of all industry around the shores of the Cromarty and Inner Moray Firths

so that virtually the entire population is concentrated within a 20-mile radius of Inverness and the remainder of the Highlands denied of population to a degree never achieved by the clearances.

Centralisation of education is already this possible. The main

medical services are soon to be

concentrated on a new hospital

serving the region from Inverness. Some very attractive

inducements are going to be perhaps too long in coming; the needed to keep the population of the rural areas where they only time the local people of appear to make use of them is to

move out.

The new road bridge is

bound to attract people to the Black Isle. It is scheduled as ago, indicated that there was no

folk on the mainland, some of

the cottages are now holiday homes, while others lie empty.

The Prime Minister, when he

was in Inverness some months

ago, indicated that there was no

Black Isle.

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## ARMING AND RAW MATERIALS

K. stand  
fisheries  
fended  
Rippon

M. Rawstorne

TRASBOURG, Feb. 15. OFFREY RIPPON, leader of a conservative group in the British Parliament told the House of Commons yesterday that the "battle" was a test of the "will" of the British people.

He said that the "battle" was between Zambia and Zaire and that the British people had understood to have ended without agreement being reached.

A fresh effort will be made in two weeks, when Chile and Peru, the two other leading members of Copeco (the Council for Copper Exporting Countries) will be invited to participate.

Last week, Zambian sources were confident that such would be agreed in line with the decision reached at the recent Copeco meeting in Jakarta, despite the refusal of Chile to join in. However, on Friday night Peru made it clear that it was at that stage.

As a result, Peru was not represented at this week's London talks and evidently Zambia and Zaire feel they cannot go it alone.

It is generally recognised by both producers and consumers that production cuts are the best way of reducing the heavy market overhang.

The leading copper-exporting countries, though, are reluctant to create the unemployment that

## Copper producers fail to agree on output cuts

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER-EXPORTING countries would follow a big production cut and are also anxious to leave the door open to rival suppliers.

The situation is further complicated by the fact that Chile and Peru are in the middle of expansion programmes, while output in Zambia and Zaire has been forced down because of production and transport problems.

News that the talks had failed to produce a decision had only a temporary impact on the London Metal Exchange copper market yesterday afternoon.

Some of the impact was lessened by fears that the continuing coal miners' strike in the U.S. would affect copper production there if energy supplies were reduced. On the other hand, a general setback in U.S. industrial activity would depress demand for copper.

Cash wirebars closed \$4.75 less than \$635.75 a tonne in an active market uncertain on which way to move, especially in view of early weakness in the value of sterling.

The weakness of the pound also helped boost tin values, recovering most of Tuesday's losses. Standard grade cash tin gained \$107.50 a tonne, widening its premium again over the first.

## U.S. grain delays worry Russia

IN AN effort to accelerate lagging shipments of American grain to the Soviet Union, the Russian Government is sending senior grain and shipping officials to the U.S. to meet major grain exporters.

Mr. Victor Bershina, president of the Soviet grain buying agency V/O Kupravtorg, and Mr. Vladimir Kupravtorg, vice-president of the shipping agency V/O Sovfrabt, are scheduled to arrive in the U.S. on February 28 and stay about 10 days.

The private meetings will focus on shipping delays running Gulf. Soviet officials will urge exporters to accelerate shipments.

Although the delays have an impact on all foreign buyers, Soviet officials are increasingly concerned about the slow rate at which their grain purchases, about 10m. tonnes, are being loaded at American ports.

Exporters still say there is little that can be done to accelerate shipments.

The winter storm that dumped up to two feet of snow across the U.S. plains and mid-West has

further compounded critical grain transportation problems, according to rail and grain industry sources.

The transportation problems, meanwhile, are distorting grain price levels at interior points and in the export market.

Grain dealers have noted declining basis levels at country elevators, because cars are not available to move grain out of elevators filled to capacity. In terminal markets, meanwhile, basis levels are rising because of inadequate supplies.

The basis is improved at the Gulf and on the East Coast, because the ships are there waiting to load grain, one dealer said. "But the hoppers aren't getting there and there's nothing to load."

In the absence of adequate rail cars, more grain was being moved by truck and, while the rail basis improves the truck basis slips.

Also, in Illinois, less grain went to river terminals and more went to Chicago by truck, straining capacity there.

Reuter says that coffee exports are expected to reach 2.5m. bags about the same as in 1976-77.

## er over fish by Faroes

Times Reporter

fishery agreement between Britain and the Faroes almost certain to be off, reports that the we closed some fishing British trawlers prove Bruce Millan, Secretary said yesterday.

acted angrily to the Faroes' government that part of grounds must stay but to British trawlers for "conservation

an said the agreement, only last week, which sides to fish in each waters, was "or the acceptability." Any gees by the Faroes be acceptable.

## MODITY MARKET REPORTS AND PRICES

### METALS

move forward on unchanged start and the close on the Korb at \$420. Turnover 15,150 tonnes.

Amalgamated Metal Trading reported that in the last week, copper prices fell from \$4.40 to \$4.25. Cables, cash \$33.50, three months \$34.50, four months \$35.50. Korb, wirebars, cash \$33.50, three months \$34.50, four months \$35.50. Korb, wirebars, three months \$35.50. L. I. S. Korb, wirebars, three months \$35.50.

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The winter storm that dumped up to two feet of snow across the U.S. plains and mid-West has

opened in open higher. Drexel Burnham reported. Immediately before and after the market was generally subdued and the price fell between \$20.100 and \$20.150 before the market at \$20.150. Turnover 1,670 tonnes.

Morning: Standard, cash \$20.100, three months \$20.150, four months \$20.200. Korb, wirebars, cash \$20.100, three months \$20.150, four months \$20.200. Standard, cash \$20.100, three months \$20.150, four months \$20.200. High Grade, cash \$20.100, three months \$20.150, four months \$20.200. Korb, wirebars, three months \$20.100, L. I. S. Korb, wirebars, three months \$20.100.

LEAD—Fall back on hedge selling and selling against scrap. Influenced by the price of lead in London in recent weeks. Lead fell during the month from \$2.05 to \$2.15 and in the afternoon from \$2.15 to a low of \$2.11 before closing on the Korb at \$2.15. Turnover 4,600 tonnes.

THE private meetings will focus on shipping delays running Gulf. Soviet officials will urge exporters to accelerate shipments.

Although the delays have an impact on all foreign buyers, Soviet officials are increasingly concerned about the slow rate at which their grain purchases, about 10m. tonnes, are being loaded at American ports.

Exporters still say there is little that can be done to accelerate shipments.

The winter storm that dumped up to two feet of snow across the U.S. plains and mid-West has

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## STOCK EXCHANGE REPORT

British Funds rally late after further sharp falls  
Equities flat and index sheds 6.5 to 6-month low of 453.2

## Account Dealing Dates

## Option

## First Declara- Last Account

## Dealing Days

## Jan. 30 Feb. 9 Feb. 10 Feb. 21

## Feb. 13 Feb. 23 Feb. 24 Mar. 7

## Feb. 27 Mar. 9 Mar. 10 Mar. 21

## "New time" dealings may take place from 9.30 a.m. two business days earlier.

## The outstanding feature in stock markets yesterday was the recent extension to 11 of the down-reversal of the down-trend in British Funds which in the inter-office business was trading at levels only 10 below the overnight line. In the early trade, quotations had been quickly depressed by a further 1.5 points following Tuesday's falls to 11 on January's shock current trade deficit.

## Thoughts that the market had over-reacted to the trade figures and that the likely adverse implication of today's money supply figures had already been discounted were adjusted to yesterday's turnaround. In fact, it was yesterday's relatively good performance in sterling, which also seemed to be harder, against any sudden upward thrust in Minimum Lending Rate in any official move to contain unwanted growth in the money aggregates.

## The wider rally in Gilt-edged failed to find response in the equity market which showed falls of 10 to 15 in FT quoted issues and the FT 30-share index closed only slightly above the day's worst. Down 7.5 at 3 p.m., the index ended 8.5 up for a full of 21.1 in the last four trading days to 453.2; this is its lowest since August 2 last year and represents a drop of 10.1 per cent. from 51.1 points.

## Official workings yesterday amounted to 10.19, which compares with the other day's 3.21 on Wednesday of last week when the market was in rallying mood.

## The advance of 8.1 more to 81.1 on news for the price of bullion helped South African Gold shares which pushed the Gold Mine index up 2.5 for a four-day gain of 14.3 to 137.7.

## Gilt stage recovery

## The performance of gilt-edged securities was deemed highly unsatisfactory yesterday as initial falls in high-coupon bonds of 11 points were progressively reduced to only 11 in the late inter-office business. Shorter maturities fared even better and ended on a mixed basis after early losses extending to 1. January's disastrous trade figures set the stage for open weakness and uncertainty, but the early offerings were well absorbed and this caused potential sellers, Southern, 187.2, McNeill Group,

some on overseas account, to withdraw. Encouraged by the turn of events and also sterling's showings in foreign exchanges, yields

ICL typified the general market trend, falling 6 to 344, after 341 issues ventured in. At the close, the preliminary results were not yet known, but next Thursday, November 2, figures in front of 10-day annual figures here measured 4 or less which contrasted with general gains in the sector, with general gains in the sector extending to 11, the low being a maximum of 11 lower in the late after-hours trading.

Corporations were unsettled by the early weakness in the main funds and sustained falls of a full point, the recently-issued Reusington and Quelsen 111 per cent.

## H. Wigfall slump

A draw day in Electricals was

featuring by a fall of 23 to 236p in H. Wigfall as hopes faded not only of a counter-bid but also the offer from Comet succeeding following the claim that over 45 per cent.

Osborn improved a penny to 83p on hopes of a 10 per cent.

Aurora Holdings, which holds nearly 30 per cent of the equity,

Park Lovell featured only with its third-quarter figures.

Suspended last Friday at 135p pending an announcement, Marshall's Universal returned at 143p yesterday following the chairman's statement that the purported partial bid from Atlantic Federal Investments could not be taken seriously and in moderate trading moved higher to close at 134p.

It was now evident that the offer

from Comet succeeding following

the claim that over 45 per cent.

Wigfall shareholders were

opposed in the offer. Comet

A well balanced trade was

affected in investment currency although rates were influenced by sterling's behaviour in foreign exchanges. Initially, the recent rise to 81 per cent, but it later drifted back to the overnight level of 80 per cent.

Yesterday's SE conversion factor was 10.748 (10.748).

## Lloyds easier

The major clearing banks

defied lower with the general

lend, Lloyds, which start the

dividend season tomorrow,

cheered a 10 to 230p, while

Barclays results due next Thursday end with a similar offering of 210p. Standard and Chartered

up 10 to 230p, while the new

mid-corporate shares in

Wessex, 111, in front of 100p



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## ENGINEERING—Continued

INDUSTRIALS  
(Miscel.)

## \*\*BRITISH FUNDS

1977-78  
High Low  
Stock  
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"Shorts" (Lives up to Five Years)

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Yield2097-98  
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## APPEAL TO CARTER ON ARAB WEAPONS DEAL

## Israel wants fighter sale plan dropped

BY DAVID LENNON

ISRAEL TO-DAY called on the U.S. to reconsider its decision to sell combat aircraft to Egypt and Saudi Arabia. It also asked Washington to increase the number of aircraft it plans to sell to Israel.

Mr. Menahem Begin, the Prime Minister, will go to Washington next month to press Israel's case.

In a statement to the Knesset (Parliament) he appealed to President Jimmy Carter to "re-consider his decision to supply offensive weapons to Egypt to the most sophisticated aircraft to Saudi Arabia."

The Carter Administration's decision to pare these numbers further, to 75 F-16s and 15 F-15s, is seen as part of the growing American pressure on Israel to be more flexible in the peace negotiations.

Israel's disappointment about the cut in its arms request is

the Government during the present peace negotiations.

Mr. Begin rejected this criticism, noting that there had been a number of instances over the years when Israel and the U.S. had disagreed. This, he said, had not affected the underlying strength of the relationship between the two countries.

Israel originally sought 250 F-16 interceptors and 50 of the larger F-15s, but reduced the request to 90 F-16s and 25 F-15s, following a discouraging response from Washington.

The Carter Administration's decision to pare these numbers further, to 75 F-16s and 15 F-15s, is seen as part of the growing American pressure on Israel to be more flexible in the peace negotiations.

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TEL AVIV, Feb. 15.

## Treasury head's plea on money supply targets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MONEY supply targets should be fixed and regarded by the markets as one part of a wider overall economic strategy, rather than on their own, Sir Douglas Woss, Permanent Secretary to the Treasury, said yesterday.

The increased importance of financial influences and monetary policy formed a major theme of a wide-ranging lecture on the changing problems of economic management delivered in Cambridge to the Johnius Society, for members of St. John's College.

In one of his rare public appearances, Sir Douglas said that the whole business of managing the economy had become more difficult than it appeared 10 years ago. He reviewed some of the main constraints—for example, less freedom of movement of exchange rates and instruments of policy.

The section on monetary policy was similar in substance to that delivered in a speech a week ago by Mr. Gordon Richardson, Governor of the Bank of England. But the emphasis, in Sir Douglas's lecture was somewhat different and he stressed the uncertainties about the links between monetary factors and economic activity and prices.

Sir Douglas said that to pursue

a determined and pre-determined de-escalation of the rate of monetary expansion without regard to the effect of fiscal and other aspects of policy would be to risk imposing serious costs upon the economy.

"If, for instance, the monetary target was not consistent with the fiscal stance, the consequences could be intolerably high interest rates, with all that this would imply for investment."

Policy had to take account of the fact that one indicator could not adequately

describe all the monetary conditions.

Sir Douglas did not discuss

the

Treasury

said

yesterday.

The outcome for the full year will rest on how far Dalgety can contain its Australian losses which amount to £200,000 for the half year. With a bit of luck the business may stabilise over the rest of the year in which case group profits could rise from £17.1m. to £20m. in

February.

What matters for Dalgety

however, is the success of its

efforts to redeploy its assets in

a significant way.

Nearly half

its capital is currently employed

in Australia and New Zealand

with another two-fifths in the

U.K. and just an eighth in

North America.

By this time

next year the group hopes that

the three areas will be roughly

equal in size.

This means further cutbacks

in Australia, where capital em

ployed is scheduled to fall from

£87.6m.

to £81.2m.

this year.

It also implies sizeable acq

quisitions in the U.S. which

may not be too far off. If it comes

to fruition

the

group's

share

holdings

in

North

America

will

be

reduced

from

18.5%

to

17.5%

and

the

U.K.

from

10.5%

to

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and

the

rest

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